FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Rebels free British consul

Marxist guerrillas have freed Mr. Basil Burwood-Taylor, 58, the British businessman and honorary consul kidnapped in Asmara, Ethiopia, more than six months ago.

He was released in neighbouring Sudan along with two U.S. technicians seized from the U.S. communications base near Asmara. Whitehall said that no ransom deal had been done with the rebels for Mr. Burwood-Taylor's release.

Uganda relents

Uganda has freed British aircraft engineer Thomas Webb, 54, who was in jail for nearly a month on a charge of possessing a firearm. Mr. Webb, who has lived in East Africa since the war, is expected to leave Uganda in a few days.

Bomb explodes in Jerusalem

A booby-trapped motor-cycle blew up in a crowded street in the centre of Jerusalem last night and about 28 people were injured. The blast, blamed on Arab guerillas, came just as crowds were gathering to remember Israel's war dead.

Threat to quit cod war

British trawlermen yesterday threatened to consider pulling out of the Icelandic fishing grounds at mid-day to-day, shortly before Mr. Fred Peart, Agriculture Minister, is due to meet fishing industry representatives. The trawlermen want adequate naval protection and compensation for Icelandic harassment.

Belfast troops

Troops based in the Roman Catholic area of Ballymacarratt in East Belfast are expected to be withdrawn to barracks soon — to be partially replaced by military police. Page 7. A 200-lbs car bomb exploded in the main shopping centre in Lisburn yesterday, damaging several shops.

Water 'sense'

People should use water "sensibly and prudently," Mr. John Silkin, Local Government Minister, told the Commons yesterday. Parts of Britain faced water shortages, but there was no danger of a national drought, he said. Page 16

Boy 'in care'

An 11-year-old Luton boy was taken into council care last night because his parents refused to send him to a comprehensive school. The boy has not been to school for nine months. Luton has no grammar school and his parents want him to go to a grammar school outside the town at ratepayers' expense.

£175,000 raid

Three bandits armed with shotguns and pistols and wearing wigs and beards held up staff in the cashier's office at the Daily Express newspaper in Fleet Street yesterday and escaped with £175,000 of payroll money.

Briefly . . .

President Geisel of Brazil arrives in London at midday for a State visit which both sides hope will lead to major business deals. Page 4; Editorial comment Page 18

Premium bond prize of £75,000 goes to No. 9YZ 938730. Winner lives in Stockport.

Future of Christian faith in Britain will be seriously at risk unless action is taken to strengthen it, says a British Council of Churches report.

Norwegian Tore Carlton, 41, plans to cross the North Sea by balloon from Norwich to Norway next month. He expects to take 30 hours for the 600-mile trip.

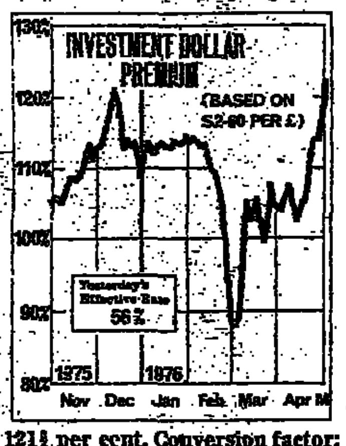
BUSINESS

Equities up 1.1; Gilts uneasy

● EQUITIES lost early gains on news of the fresh setback in sterling. FT 30-share index closed up 1.1 at 419.2 (423.5 earlier). Gold Mines Index 1.8 higher at 189.7.

● GILTS were uneasy, with shorts down 9/16 after gains to ½. Government Securities Index was 0.04 lower at 62.12.

● INVESTMENT DOLLAR premium closed a net 2¾ higher at



121¼ per cent. Conversion factor: 0.6409 (0.6438).

● GOLD was unchanged at $128½.

● STERLING fell 1.20 cents to $1.8285, after touching $1.8265 earlier. Trade-weighted depreciation widened to 37.5 per cent. (36.9). Dollar's narrowed to 1.75 (1.80) per cent.

● WALL STREET closed off 6.53 at 990.32.

U.S. to slow money supply

● U.S. FEDERAL Reserve has decided to slow money supply growth and is ready to cut it further this year if economic conditions dictate, chairman Dr. Arthur Burns said. Back Page

● ALLEGATIONS of corrupt and fraudulent practice levelled against the Tate and Lyle sugar group by the Iranian Government have been dropped. Back Page

● CIVIL AND Public Services Association conference delegates voted out their Right-wing president, Mrs. Kate Losinska. Back Page

● NATIONAL UNION of Journalists members working on BBC TV current affairs programmes accused the rival Association of Broadcasting Staff of threatening to "black" their work. Page 11

● ARMED FORCES members are to get the full £6 a week rise permitted under the Government's counter-inflation policy, back-dated to April 1. Page 8

● BRITISH STEEL Corporation is facing two charges after investigations by the Health and Safety Executive into the explosion at the Appleby-Frodingham steelworks, Scunthorpe. BSC increased white-collar staff in 1973-75 while substantially decreasing the number of blue-collar production workers. Page 7

● MOTOR INDUSTRY would be in "real trouble" if car imports were not reduced to an acceptable level within five years, Mr. John Beswick, Society of Motor Manufacturers and Traders director-general, said. Page 7

COMPANIES

● TOOTAL made a pre-tax profit of £9.13m. (£13.1m.) for the year to January 31, on turnover of £257.8m. (£234.9m.). The company plans further expansion. Pages 9 and 21 and Lex

● MANCHESTER LINERS pre-tax profits fell to £2.22m. (£6.24m) for 1975. Page 21 and Lex

● BRITISH HOME Stores made a pre-tax profit of £21.9m. (£18.59m.) for the year ended April 3. Extraodinary items included a £4.2m. provision for exchange loss on a $25m. loan. Page 20 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

AD Intnl.	106	+ 4
PV	280	+ 10
TV "A"	73	+ 5
Bats"	405	+ 10
Brit. Home Stores	370	+ 7
CH	36	+ 6
Carrington Viyella	33½	+ 3
Clarke and Fenn	61	+ 5
Gold Fields Prop.	70	+ 10
Gross Cash Registers	25	+ 4
Hawker Siddeley	480	+ 6
International Paint	280	+ 15
Lawrence Scott	35	+ 4
Marshall (T.) Invs.	86	+ 13
McBride (R.)	174	+ 8
Mothercare	190	+ 4
Prestige	153	+ 7
Sainsbury (J.)	110	+ 5
Sangel (J. E.)	70	+ 5
Taylor Woodrow	288	+ 8
Teacher (Distillers)	247	+ 12
Thomson	237	+ 5
Tobacco Secs. Tst.	307	+ 7
Tootal	40½	+ 4
Turriff Construction	74	+ 6
Waddington (J.)	104	+ 8
Ranger Oil	£13½	+ 1¾
East Rand Prop.	330	+ 20
Hampton Areas	80	+ 10
Northgate	390	+ 25
Thiess	236	+ 8
Utah Mining	400	+ 30
Westfield Minerals	142	+ 10

FALLS

Treasury 9pc 1980	£93¼	— ½
Hadew Carrier	116	— 13
Manchester Liners	265	— 15
Tate of Leeds	18	— 4
Shell Transport	434	— 6
MIM	276	— 6
Pacific Copper	25	— 3

Healey says living standards will fall 1-2 per cent

BY PHILIP RAWSTORNE AND ROY ROGERS

STAGE TWO of the Government's counter-inflation policy, due to be clinched with the unions this evening, will result in a decline of 1 or 2 per cent. in living standards over the next 18 months, according to Mr. Denis Healey, Chancellor of the Exchequer.

Addressing the Commons on a day when the emerging policy came in for considerable criticism at Left-wing union conferences, Mr. Healey said this was "part of the unavoidable price we have to pay for getting unemployment down."

An Opposition attack on the Finance Bill was defeated 288 to 274—a 14 majority. The Bill implementing Mr. Healey's Budget proposals were carried without division.

His admission that there will be a drop in living standards is certain to be snapped up by Left-wing union leaders as ammunition in the propaganda campaign which will be waged from now until mid-June, when a special TUC Congress is asked to endorse the proposals.

There were no surprises yesterday when leaders of the militant South Wales miners and the technical and supervisory section (TASS) of the Amalgamated Union of Engineering Workers spoke out against the prospect of a further period of voluntary wage restraint and moderate leaders of the Electrical and Plumbing Trades Union and the Institution of Professional Civil Servants declared themselves in support of it.

Mr. Emlyn Williams, president of the militant South Wales area of the National Union of Mineworkers, declared that the South Wales miners would support Left-wing demands for pay increases of up to 33 per cent. for miners at the national NUM conference in July.

His members were convinced of the justice of the demand for £100 a week for coalface workers which will be urged by militant leaders of Yorkshire and Scottish miners, said Mr. Williams, adding: "If the Government wishes to survive, it must pursue Socialist policies. If it has the death wish, it is not the miners' responsibility."

Mr. Williams' declaration illustrates the intense political haggling that will take pace both on the NUM national executive—which will have to decide how the NUM will vote at the June Congress—and at the union's July conference.

Indications are that the conference will give the emerging policy a very rough ride indeed and that the best chance of winning the miners' support for it may well be to put the issue to a pithead ballot—as was done successfully in the case of the present £6 policy.

Further opposition to the proposed new policy came from TASS president Mr. Barry Seager, who called for a return to free collective bargaining, a policy which AUEW militants will press at the union's conference later this month.

This evening Mr. Healey will meet TUC leaders—who yesterday had a working lunch with Mr. James Callaghan, the Prime Minister—to finalise details of the policy, which is due to come in when the £6 policy expires on August 1.

Great secrecy continues to surround the terms of the new stage, which will be put to the key TUC economic committee to-morrow morning, immediately before consideration by the full TUC general council.

But it is expected to involve a percentage norm of around 4 per cent., with minimum and maximum cash limits and some future commitment on unemployment and prices.

Opening the second reading debate on the Finance Bill, yesterday, Mr. Healey told MPs that the £6 pay limit should guarantee a continued fall in the rate of inflation for the rest of the year.

"But there will still be a long way to go before we close the gap between our rate and that of our major competitors."

There would be a great deal of upward pressure on prices in 1977, because of recent movements in the exchange rate and current pay increases. And it was vital to ensure that the next round of pay increases did not add to it.

All those involved in the present pay talks were agreed that the objective should be to halve the rate of inflation again in 1977, said Mr. Healey.

This would mean that earnings would have to rise by less than *half as much as under the* present pay round.

Modified Price Code likely to remain after July

BY ELINOR GOODMAN

IT NOW SEEMS most likely that the existing price code will remain in a modified form after July.

The Department of Prices is understood to have considered a number of more radical alternative to the present code but it has decided that the basic structure of price controls probably cannot be changed at a time when unions are being asked to observe an even tighter wages policy than before.

Instead, the Government is likely to introduce considerably more freedom to raise prices under the present code by making adjustments to the existing provisions.

Pressure from some Government departments — including Industry and the Ministry of Agriculture — may, however, mean that the announcement about the continuation of the present price code in July is accompanied by details of more wide-sweeping changes to be introduced in July of next year.

There is a feeling that investment will not really get going until companies have some real indication that the present system, whereby they have to justify individual price increases to the Price Commission, is coming to an end.

At present the Department of Prices is believed to be considering a new form of price controls to come into effect some time in 1977. This would be based on some kind of profit controls, coupled with highly publicised spot checks on individual price rises where there was felt to be a need for such investigations.

Under this plan, companies would have to notify the Price Commission—or some similar body—of proposed price rises, but would not have to accompany these proposals with detailed cost breakdown. Only in special circumstances would companies have to explain the reason behind price rises.

In the short term, however, the Government is likely to introduce considerably more flexibility into the existing code than at present. This would mean companies would continue to be controlled both on individual prices and profit margin but would go some way to easing some of the most onerous parts of the code.

Difficult

This could be done in a number of ways. The clause which means that companies can only pass on 80 per cent. of their increased labour costs in higher prices could, for example, be either made more generous or abolished completely. With wages going up more slowly than before, the abolition of this clause would not have the same inflationary effect it would have done this time last year.

At the same time, the Department could increase the proportion of investment expenditure which can be passed on in higher prices. Similarly, it could improve the existing safety net in the code by raising the level at *which they come into effect.* The present clause which allows companies to claim relief from the code if their profit on turnover falls to below 2 per cent. could, for example, be eased.

Control on retailers could be relaxed in the same way, though shop prices are still seen as a very difficult political issue. Retailers are at present controlled on both their net and gross margins and some relief could be given on the gross margin.

Such relaxation of the code would not go as far as the CBI wants. In its representations to Mrs. Shirley Williams, Secretary for Prices, the CBI asked for the total abolition of the system which makes companies notify individual price rises to the commission. But the unions are known to regard this system of pre-notification, based on costs, as essential to an effective prices policy.

● The rise in the price of potatoes this year has been monitored by the Price Commission, "to ensure that the shortage of supply was not abused in distributors' margins," Mr. John Fraser, Minister for Prices and Consumer Protection said yesterday at the seminar of the Co-operative general and food trades managers, in Brighton.

£140m. cost cuts in Civil Service would end 35,000 jobs

BY PETER HENNESSY, LOBBY CORRESPONDENT

TO ACHIEVE its White Paper target of cutting the cost of the Civil Service by £140m. by 1978-79 the Government would have to reduce its numbers by 35,000, Sir Douglas Allen, head of the Home Civil Service, told a Commons committee yesterday.

The cuts would involve an average across-the-board saving of nine per cent. in staff and administration costs in all Whitehall departments except the Ministry of Defence which was being treated as a separate case under the terms of the *Defence review.*

In his evidence to the general sub-committee of the Commons Select Committee on Expenditure, Sir Douglas said that savings of only one per cent. could be achieved by increased efficiency. Departments had submitted optional cuts and Civil Service unions had made known their opposition to them.

The Cabinet would be making its decision shortly on details of the cuts.

Questioned about expansion in the size of the Civil Service, Sir Douglas replied: "I don't think it is the reason why public expenditure has gone up rather rapidly. The staff element in it has not been the driving force."

He would not accept a suggestion made by Mr. Brian Sedgemore, Labour MP for Luton West and a Left-wing member of the Tribune Group, that the training, background and ethics of senior civil servants made them conservative, with a small "c" which led them to frustrate intentions of reforming Governments.

There were times, Sir Douglas replied, when Ministers made complaints of that sort but there were also times when civil servants complained because Ministers had not stuck by their original intentions.

"There is a certain amount of impatience in the first year after a change of administration but Ministers and civil servants rapidly become attuned to each other.

"If a senior Minister had a complete loss of confidence in a permanent secretary so that it was necessary to replace him, then the Prime Minister and I would do what we could to replace him.

"When a difficulty occurs between a permanent secretary and a Minister, only the PM knows which one he wants to move," Sir Douglas said.

He claimed that the cult of the gifted amateur was no longer subscribed to in Whitehall, if indeed it had ever been. More scientists and engineers had been appointed to senior administrative posts since the Fulton Report of 1968 and he was confident that the trend would continue.

More than 60 per cent of the administration trainees—young men and women in their early 20s earmarked for rapid promotion—still came from Oxford and Cambridge but, until schools ceased to send their best pupils to these universities, there was no alternative to selecting a large number of them. The civil service selection procedures were just and neutral.

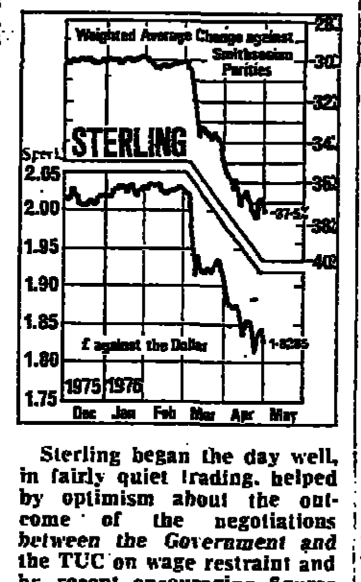
Sterling falls on miners' £100 call

By Colin Millham

STERLING'S present vulnerability to statements by trade union leaders was displayed again yesterday as it fell by 1.20 cents against the dollar to close at $1.8285, following news that South Wales miners intend to press for wages of £100 a week.

It may well turn out that the market has overreacted to the statement by the South Wales miners' president, which will be only one of many suggestions debated at the National Union of Mineworkers' annual conference in July, but it is a further indication of the nervousness which still surrounds the pound.

The currency's trade weighted depreciation as calculated by the Bank of England widened by 0.6 per cent. to 37.5 per cent.



Sterling began the day well, in fairly quiet trading, helped by optimism about the outcome of the negotiations *between the Government and* the TUC on wage restraint and by recent encouraging figures on inflation.

Selling pressure throughout was not sufficient to require large scale support by the authorities.

Adverse U.S. reaction to the economic forecast of stockbrokers Phillips and Drew, which suggested that sterling will continue to decline this year, prompted selling of the pound in New York during the afternoon.

The rate touched $1.8265 shortly before the close of business in London—a fall of 2 cents from the best levels touched during the morning.

The pound was also hit by Continued on Back Page

£ in New York	May 3	Previous
Spot	$1.8270-8280	$1.8430-8450
1 month	0.92-0.87 dis	0.80-0.75 dis
3 months	2.66-2.50 dis	2.47-2.42 dis
12 months	8.40-8.25 dis	8.55-8.25 dis

IMF 4-year plan for gold auctions

BY DAVID BELL WASHINGTON, May 3.

THE DIRECTORS of the International Monetary Fund meet on Wednesday to put the finish*ing touches* to their plan to auction some 25m. ounces of gold over the next four years, to finance a new trust fund for developing countries.

Under the proposals, details of which are understood to be all but agreed, the fund would hold auctions at intervals of about six weeks for the next two years. These would start about a month after the directors agree on how they are to be conducted, and would probably take place on Wednesdays at a time which would allow for the receipt of bids after the London fixing.

About 780,000 troy ounces would be offered for sale at each auction, making 12.5m. ounces to be sold in the first two years.

The directors, as previously reported, are expected to reserve the right to cancel any of the *auctions if it feels bids are not* high enough. Any quantity unsold at one auction would be sold during the remainder of the four-year sales period.

For the first two auctions, the directors are expected to decide in favour of the common-price technique similar to that used in U.S. gold auctions. The third auction might also employ this technique, but the next two would use the bid price system, which has also been used in American gold auctions.

The fund would publicly state that it would from time to time thereafter vary the bid technique, but the precise timing of changes would be secret.

The common-price technique allows the fund to set the level of the lowest acceptable bid and *to charge that price to all those* who make a bid above that level.

Under the bid-price system, the bidder simply pays the price he has bid, provided that it is above the minimum level set by the fund.

The directors are understood to favour the common-price technique initially, in the hope that it will discourage too many very small bids. The minimum bid in the first auction is expected to be for 2,000 ounces, but this may later be revised. There is also likely to be a refundable deposit which would be set at $50,000 for the minimum bid.

Secret vote

Under these proposals, the directors would retain the power to reject the managing director's decision to go ahead with an auction on the basis of certain bids. This decision could be overturned by a secret vote of the directors, taken without discussion. If it were overturned, the directors could then vote on successively higher bids beginning with the bids at the lowest price, which would allow the award of the full amount of gold being auctioned.

Agreement is also understood to be in sight on a way to satisfy those developing countries who want their share of the profits on the gold sales in gold, rather than in currency. It is expected they will not be able to exercise this option until after the fund's amendments have been approved by all its members, and that the fund would then work out each country's share in the profits on the basis of the actual profit *realised, in all the preceeding* auctions.

FEATURES

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LOMBARD

Line-up for a crucial battle

BY C. GORDON TETHER

IF REPORTS that a plan for the formation of a $10bn. international resources bank to funnel money into Third World development projects will be the highlight of Dr. Kissinger's address to the UNCTAD conference assembling in Nairobi this week prove correct, it looks as though the first major battle over the new international economic order "vision" will soon be joined. And it is as well to understand that, for all the seemingly esoteric character of the issues involved, the outcome could be of the greatest consequence for all.

An American lead in opening up a major new source of finance for the poor countries' development efforts might seem to be something that should qualify for a universal welcome. But it is apt to look a somewhat different kettle of fish when its deeper significance is considered.

For there seems to be little doubt that this initiative is intended to put the Americans in a position to justify their apparent determination not to co-operate in implementing the developing countries' call for an integrated programme to establish world commodity trading on a basis that will be much fairer to the poor. It would do so by seeking to show that Washington was prepared to offer these countries substantial help in grappling with their chronic external payments problems in other ways.

Dramatic

I say "substantial help" for that is how a $10bn. injection of money—a sum not far short of the annual amount that the advanced world has been making available to the developing countries in official aid allocations in recent years—might appear at first sight. But, in reality, it would be a very poor substitute indeed for the new deal that the developing countries are seeking in the commodity field.

This, it should be emphasised, would be designed not only to protect primary producers from violent fluctuations in the world prices of their products by setting up a common fund under international control to finance the creation of world stocks of commodities. It would also be aimed at permanently establishing terms of trade for the exchange of commodities and manufacturers that would be much more satisfactory from the viewpoint of the Third World countries than they are used to.

The Third World is currently running an annual payments deficit of some $35bn.—a substantial part of the industrial countries' original share of the "collective deficit" generated by the oil prices explosion having been shifted on to its shoulders during the past year or so. If it is to be put in a position to make a major reduction in that gap from trading activity, there will clearly have to be a dramatic reshaping of pricing arrangements.

However, if American insistence that there must be no interference with the free global functioning of market forces is allowed to prevail, such a development is out of the question. Yet the assistance available under the Kissinger plan would hardly start to provide an effective alternative.

Fortunately, there are now indications that the other advanced countries are displaying less willingness obediently to take their cue from Washington in this vital matter. The Netherlands has made it clear that it is prepared to back the formation of a common fund under international control to finance a global commodities pool. Norway and Sweden have come near to doing the same.

Although Whitehall has conceded that the cost to this country of participating in the plan to promote and finance commodity agreements involving fairer and more stable prices would be very modest, Whitehall has continued to equivocate—possibly because its dependence on international credit lines is making it reluctant to do or say anything that could cause offence in Washington. But the hope must be that it and other major industrialised countries will be encouraged by the lead from some of the smaller countries to identify themselves with the drive to give the poor countries the square deal in international economic affairs they have long been denied.

For as "NOW"—the campaign the World Development Movement has organised to promote understanding of the new world order idea — points out in its latest news-letter, "the stamp of failure on the forthcoming UNCTAD conference would seriously damage discussions on improving relations between the haves and the have-nots in other forums such as the Conference on International Economic Co-operation in Paris."

What is more, it would play straight into the hands of those Third World militants who have been arguing that in the end the only way in which concessions will be wrung from the advanced world is through confrontation — with consequences for the future well-being of the world's peoples that there is no need to dwell upon.

RACING BY DOMINIC WIGAN

Sharp Edge will have edge

THE SPRING Chester meeting which begins this afternoon is a friendly gathering.

In spite of the tight circular track which gives a distinct advantage to horses drawn among low numbers in the shorter-distance events, the racing is not without significance, although it is doubtful whether the result of the Chester Vase will shed much light on the Derby.

True, Lord Porchester's *Smuggler* was a convincing winner of the Blue Riband Trial stakes at Epsom, and this colt by Exbury, out of a mare who is half-sister to Queen's Hussar, even assuming he scores comfortably this afternoon, which I fully expect him to do, is unlikely to disturb the connections of Wollow.

An hour before the Chester Vase, Major Hern, trainer of Smuggler, will saddle *So Sharp* for the Grosvenor Stakes, and, although this half-brother by So Blessed to the Irish 2,000 gns. winner, Sharp Edge, faces strong opposition from De Milo and Guido Fawkes, I shall be disappointed if he does not win for Mr. "Jakey" Astor.

His one run as a two-year-old, when finishing second to All Hope at the Doncaster St. Leger

CHESTER
2.15—Mofida
2.45—So Sharp***
3.15—Ravel
3.45—Smuggler**
4.15—Janes Joker
4.45—Pascualete

WINDSOR
6.00—Sole Agent
6.50—Slim Jim*
7.20—Mogul
8.20—Honeypot Lane

meeting, was full of promise for the future.

I find it hard to choose between *Ravel* and Battlecry for the Ladbroke Chester handicap and I may have done the wrong thing in opting for *Ravel*, who impressed me when winning the Dee Stakes over this distance at the corresponding meeting last year and who finished well ahead of Battlecry at the Kempton Easter meeting.

Ravel had had the benefit of a previous race, whereas Battlecry, who made the running for a long way, had not.

Happy Victorious is a hardy annual at Chester and has been successful four times over the course and distance of the Earl of Chester handicap.

However, it may be that he is beginning to feel his years and I prefer Step Ahead and *Janes Joker*, with a slight preference for Janes Joker.

Pascualete, who may have been a trifle unfortunate to have been beaten by Private Line at Kempton on Easter Saturday, can concede weight successfully to his opponents in the Prince of Wales handicap. *Mofida* will put an end to Pandu's unbeaten record in the Lilly Agnes stakes.

At Windsor to-night, I like the look of *Slim Jim* in the Queen Anne's handicap. Ian Balding's colt finished a good third to Royal Match and Jumping Hill at Sandown 11 days ago.

SALEROOM BY MICHAEL THOMPSON-NOEL

Unspectacular May sale opening

WHAT promises to be a hectic round of May sales in the London salerooms opened unspectacularly yesterday. At Sotheby Mak van Waay in Amsterdam, however, a sale of important Dutch, Flemish and German drawings from the Gathorne-Hardy collection sold for £83,691, even though five drawings, accounting for 22 per cent. of the knockdown total, were bought in.

Highest price was £29,323 paid by an anonymous buyer for Albrecht Durer's *The Holy Family Beneath a Tree* in pen and brown ink inscribed with a fake ("geschleuderte") monogramme. It is regarded as one of Durer's earlier drawings, probably executed about 1491, at the beginning of his *Wanderjahre*.

The same buyer paid £6,296 for *A Camel* by Cornelis Saftleven in black and reddish brown chalk with grey wash, inscribed 1646. A London buyer gave £4,449 for *A Landsknecht Running with Drawn Sword* attributed to Hans Holbein the Younger. The attribution to Holbein is an old one, apparently due to Sir Thomas Lawrence, who once owned the drawing.

Later, a separate sale of drawings at Mak van Waay amounted to £222,180, including £18,145 for *Christ on the Cross* by Sir Peter Paul Rubens, which went to a Swiss dealer, and £11,290 paid by an anonymous English buyer for *A Standing Officer, Holding a Halberd*, by Hendrick Goltzius.

At Sotheby's in London, a sale of printed books, atlases and maps amounted to £31,638. The bought-in total was as low as 2.21 per cent. A London dealer paid £1,000 for Jeffreys' *The American Atlas*, with 30 hand-coloured engraved maps and the same price was paid for a two-volume first edition copy of Johnson's *Dictionary of the English Language*.

The atlas had a pre-sale estimate of £150-£300, the Dictionary one of £400-£500.

Decanter jug

A Sotheby's sale of English and Continental glass and glass paperweights totalled £44,883, including £2,200 paid by Howard Phillips, the London dealer, for an important Ravenscroft silver-mounted engraved decanter jug.

This hitherto unrecorded jug (the maker's mark is unidentifiable) is regarded as particularly interesting. The silver cover was made in The Hague in 1681, adding weight to the theory that early English glass was exported in quantity and had engraved decoration added abroad.

The second highest price in the sale was £920 given by Spink of London for a fine Baccarat star-dust carpet-ground paper-weight formerly in the Lindon collection.

At Christie's, Chinese ceramics and works of art totalled £63,906. A famille rose jug modelled as a seated and extremely corpulent man holding his protuberant stomach, went to a private buyer for £2,300.

The London dealer Speelman paid £1,800 for a pair of broad oviform jars, while another private collector paid £1,700 for a massive Canton famille rose punchbowl.

At Phillips a furniture sale brought in £26,648, including £800 for a late 18th century oak dresser, £800 for a Victorian mahogany breakfront library bookcase and £300 for an unusual 19th century Scandinavian two-seater horse sleigh. A sale of oil paintings totalled £18,793.

Phillips' sale of fine jewels in Geneva disclosed a big demand for art nouveau jewellery and totalled £114,092. A Phillips' sale of British North American stamps, also at the week-end, amounted to $C34,631.

WINE BY EDMUND PENNING-ROWSELL

There's no need to fear a Bordeaux shortage

IT IS NOW generally known that the Bordeaux vintage last autumn was providentially both good and smaller than for some years. It was not, however, as small as some people, minded perhaps to encourage early buying, have been suggesting. For though, owing to a particularly small white wine crop, the overall total looks short, the really important factor for the Bordeaux trade as a whole is the size of the *Appellation Contrôlée* red wine harvest. In fact at 1.76m. hectolitres the 1975 red vintage was markedly higher than in either 1964 or 1966, not at the time regarded as below average, at 1.43m. hl. and 1.3m. hl. respectively; and the vineyard area was larger then.

Moreover, even counting in this smaller vintage, stocks of AC red bordeaux were slightly higher last autumn than a year previously, and 60 per cent. higher than three years earlier. So no one, wine merchant or private consumer, need rush in on the grounds of a possible shortage of wine: and in Britain at least a shortage of cash is currently likely to be a further problem.

In Bordeaux the state of the market can be gauged from two recently issued publications. The first is the annual statistical review of the Conseil Interprofessionel du Vin de Bordeaux (CIVB), covering the "campaign year," September 1974 to August 1975, with supplementary figures on last year's vintage and on calendar year trade exports. If this trade association's report takes a long time to publish each year, it goes into considerable detail, and includes a consumer survey of the consumption within France of Bordeaux wines and their rivals from other French wine areas. The statistics basically deal more with physical movements of wine out of the Gironde rather than with the state of business, though the lower quality wines that provide Bordeaux with its bread-and-butter trade are commonly shipped when very young.

Market report

Generally business was better, though this was largely true only of the lower *Appellations*, both on the home market and abroad, and in the 1975 calendar year exports just touched a record 1m. hl. and a fractional 2 per cent. increase in value compared with 1974.

This upturn is confirmed in the latest annual market report issued by Sichel and Co. of Bordeaux. Started not long after the end of the last world war by the late Allan Sichel, a wine merchant who never minced his words or was afraid to state his opinions, it is now continued by his son Peter, who feels no more obliged to hedge his bets or qualify his views.

In his survey he points out that in 1974/75 more AC bordeaux was sold than in any similar period since the war; and there are indications that the worst of the crisis that has afflicted Bordeaux for nearly three years is now over. On the other hand it is the basic Bordeaux Rouge categories that have benefited from the upswing in demand, and for the most part often at prices "lower than they had been at any time since 1968, and barely higher than *vin ordinaire*."

This is confirmed by the CIVB report. Bordeaux Rouge and Bordeaux Rouge Supérieur (the difference is one only of alcoholic strength), forming nearly half the average harvest in the Gironde, are essentially drunk within France, especially in the Nord and Paris regions, and they have recovered their traditional position there; while the Germans appear to have a growing thirst for inexpensive Bordeaux blanc.

Doldrums

However, as Peter Sichel points out, even generic Médoc and St. Emilion, which rely on export markets, particularly the U.S. and the U.K., have not regained their 1972 rate of sale. Stocks of each represent three or four years' supply.

From this it will be appreciated that at higher quality levels normal trading has not been restored. "Good châteaux wines are still in the doldrums," writes Sichel.

The CIVB statistics confirm the low state of such business. Almost half the Médoc classed-growths come from Pauillac and St. Julien; and they depend heavily on demand abroad, and essentially from Britain and the U.S. Whereas in 1972/73 these two countries imported 222 thousand hl. out of a total of 35.6 thousand hl. deriving from the pair of adjoining communes, in 1974/75 the comparable figures were 10.4 thousand hl. out of 20.7 thousand hl. As mentioned already these figures refer to physical movements of stock and not purchases, but the trend is clear: and the reliance on demand abroad is underlined by the absurdly small quantities despatched to destinations within France. In the two years compared, the domestic totals for the two famous communes, combined were approximately 2.4 thousand hl. and 1.28 thousand hl. respectively. The French have a long way to go before they drink a large proportion of their fine wines.

Peter Sichel suggests [illegible] important Bordeaux growers have to reconsider their [illegible] Great wine depends on [illegible] able weather conditions [illegible] bined with the skills [illegible] grower and wine-maker [illegible] the most part the best [illegible] are in years of short production '45 and '61, for example [illegible] potentially great year the [illegible] by thinning his vines at [illegible] flowering might make a [illegible] of 27hl. to the ha., using [illegible] oak for maturing and [illegible] to hold the wine some [illegible] Allowing for bottling [illegible] Sichel estimates the cost as Frs.949 per hl. and [illegible] cost per bottle of around [illegible] Alternatively he can make [illegible] "good wine" at a yield [illegible] per ha. with the hl. per [illegible] down to Frs.529, while [illegible] the whole hog and make [illegible] per ha. of "good wine," [illegible] he keeps in vat and [illegible] promptly the unit cost [illegible] only Frs.316—exactly [illegible] of the cost of the "great wine."

The main snag is, of [illegible] that the fundamental [illegible] cannot all be made by [illegible] The weather until the [illegible] are picked cannot be [illegible] A yield deliberately cut [illegible] June may be washed [illegible] August and September [illegible] 1972, or spoiled by dis[illegible] tage conditions, like in [illegible]

Middle man

Sichel suggests [illegible] should be no problem [illegible] clarets in the "great-wine" [illegible] gory at prices remunerative [illegible] the producer, but is more [illegible] ful as to whether the [illegible] would be willing to pay [illegible] double the price for [illegible] than for "very good w[ine]" [illegible] three times more than [illegible] wine." It must be u[nderstood] that such decisions [illegible] quality to go for may [illegible] made by a single gro[wer] [illegible] individually by three [illegible] proprietors. Who will [illegible] the best return? Per[haps the] man in the middle pos[illegible] it depends partly on [illegible] the consumer is prepar[ed] [illegible] for "great wine," al[illegible] fairly early stage in its [illegible] ment. Sichel concludes [illegible] ment by stating his b[elief] [illegible] quality can pay, but [illegible] money and he hopes [illegible] will be accepted by [illegible] as well as the trad[e] [illegible] probably will, but unt[il the] end of the Bordeaux [illegible] recovers its balance, [illegible] mers, afflicted and s[illegible] boom and bust, have [illegible] of what is a fair pr[ice] [illegible] "very good wine" le[illegible] "great" one.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 9.38 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Thomas. 1.50 Ring-a-Ding. 2.00 You and Me. †2.15 For Schools, Colleges. 3.25 Dechrau Canu Dechrau Canmol. 3.58 Regional News (except London). 4.00 Play School. 4.25 Dorothy and her Parrot. 4.30 Jackanory. 4.45 Go With Noakes. 5.15 Vision On. 5.40 Paddington.
5.45 News.
6.00 Nationwide.
6.50 Young Scientists of the Year.
7.20 The Olympiad.
8.10 Angels.
9.00 Party Political Broadcast on behalf of the Conservative Party.
9.10 News.
9.35 I Didn't Know You Cared.
10.05 A Window On Washington.
10.55 To-night.
11.30 May I Have The Pleasure?
11.55 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales — 2.40-3.00 p.m. For Schools. Ffenestri. 6.00-6.50 Wales To-day. 6.50-7.20 Heddiw. 11.55 News for Wales.

Scotland—6.00-6.50 p.m. Reporting Scotland. 9.00-9.10 Party Political Broadcast on behalf of the Scottish Conservative Party. 11.55 News Summary for Scotland.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 11.55 News Headlines for Northern Ireland.

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40 a.m. Open University.
11.00 Play School.
2.30 p.m. Peter Donaldson's Illustrated Economics.
3.00 Racing from Chester.
5.25 Open University.
7.05 Middle East.
7.29 Weather.
7.30 Newsday.
7.45 The Book Programme.
8.10 America.
9.00 Party Political Broadcast on behalf of the Conservative Party.
†9.10 Tuesday Cinema: "Les Amants de Verone," starring Pierre Brasseur and Anouk Aimée.
10.35 The Old Grey Whistle Test.
11.35 Newsnight.
11.55 Closedown: Cyril Cusack reads "Gulls on a Hill Loch," by Norman Maccaig.

BBC 2 Scotland Only—9.00-9.10 p.m. Party Political Broadcast on behalf of the Conservative Party in Scotland.

LONDON

9.30 a.m. Schools Programmes. 12.00 Paperplay. 12.10 p.m. Hickory House. 12.30 Treasures In Store. 1.00 First Report: News, FT index. 1.20 Lunchtime To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 Crown Court. 3.00 The Best of British Fashion. 3.55 General Hospital. 4.25 Arrows. 4.50 Lookout. 5.20 Nanny and the Professor.
5.50 News from ITN.
6.00 To-day.
6.40 Crossroads.
7.05 A Little Bit of Wisdom.
7.35 Tuesday Film Premiere: "Men of the Dragon."
9.00 Plays for Britain.
10.00 Party Political Broadcast on behalf of the Conservative Party.
10.10 News at Ten.
10.40 General Strike.
10.55 Wrestling.
11.25 Drive-In.
11.55 Barnaby Jones.

All ITV regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 5.20 The Flintstones. 6.00 About Anglia. 7.00 Cartoon Time. 7.30 The Tuesday Movie: "Evil Roy Slade." 11.55 Anthology.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.20 Spiderman. 6.00 ATV Today. 7.30 Cartoon Time: Woody Woodpecker. 7.35 The Tuesday Mystery Movie: Amy Prentiss. 11.00 Gardening Today. 11.30 Angling Today.

BORDER

†1.20 p.m. Border News. 5.20 Sky. 6.00 Border News and Lookaround. 7.30 Cartoon Time. 7.35 TV Movie: "Manhunter." 10.55 Gardening Today. †11.55 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's on Where. 5.20 Wait Till Your Father Gets Home. 6.00 Report at Six. 7.00 Treasure Hunt. 7.30 Star Movie: "The Racers." 10.00 Vision USA. 10.55 Randall and Hopkirk (deceased). 11.55 Commentaires et Previsions Meteorologiques.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.20 Chopper Time. 6.00 Grampian To-day. 6.10 The Flintstones. 7.30 Cartoon Time. 7.35 Columbo. 10.55 Personal View: Peter Ustinov. 11.55 Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. †5.15 Stamp Stories. 5.20 Crossroads. 6.00 Granada Reports. 6.35 The Adventurer. 7.35 Mystery Movie: Banacek. 10.55 The *Tuesday Film: "The River's Edge,"* starring Ray Milland.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Daily Fable. 5.25 Crossroads. 6.01 Report West. 6.20 Report Wales. 6.40 A Little Bit of Wisdom. 7.10 The Tuesday Mystery Movie: McCloud. 10.55 The Protectors.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.50 Fyny Fan'na. 6.01-6.20 Y Dydd. 10.55-11.15 O'r Wasg. 11.15-11.45 World in Action.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.20-6.40 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Houseparty. 5.20 Pipet and his Friends. 5.25 Crossroads. 6.00 Scotland To-day. 6.35 Feature Film: "To Hell and Back," starring Audie Murphy. 8.30 Meet Marie Gordon-Price. 10.55 Late Call. 11.00 The Odd Couple.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.20 Kiss Me Cat. 5.25 Crossroads. 6.00 Day by Day. 6.45 A Little Bit of Wisdom. 7.25 "Escape from Fort Bravo," starring William Holden. 11.55 Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. Lunchtime News and Lookaround. 1.30 The Doris Day Show. 5.20 Emmerdale Farm. 6.00 Today at Six. 7.30 Betty Boop. 7.35 Columbo. 10.55 Survival Special. 11.55 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 2.00 Houseparty. 4.23 Ulster News Headlines. 5.20 Sky. 6.00 UTV Reports. 7.30 Tuesday Movie: "Second Chance," starring Robert Mitchum and Jack Palance. 10.55 The UTV Profile—William MacQuitty.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Wait Till Your Father Gets Home. 6.00 Westward Diary. 7.00 Treasure Hunt. 7.30 Star Movie: "The Racers," starring Gilbert Roland and Kirk Douglas. 10.55 Randall and Hopkirk (deceased). 11.55 Westward Late News. 11.58 Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.30 Emmerdale Farm. 6.00 Calendar. 7.30 Cartoon Time. 7.35 Columbo. 10.55 The Odd Couple. 11.25 The Bargain Men. 11.55 Drive-In.

RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 Party Political Broadcast on behalf of The Labour Party. 2.07 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. (S). 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Simon Bates (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.26 Terry Wogan's [illegible] House (S) including 10.30 Waggoners' Walk. 11.20 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 Party Political Broadcast on behalf of The Labour Party. 2.07 David Hamilton (S) as Radio 1 but including on 1500m only [illegible] Racing from Chester. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 [illegible] Record. 7.29 Sports Desk. 7.33 Robin Richmond The Organist Entertains (S). 8.02 Ian Carmichael's Music Night (S). [illegible] Sports Desk. 9.02 Among Your Souvenirs (S). 10.02 Sports Desk. 10.05 The [illegible] (S). 11.02 Michael [illegible] The Late Show (1500m only, also Scotland VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

(Medium Wave only.

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer [illegible] (S). 10.30 [illegible] 11.00 [illegible] 12.10 p.m. Choral and Orchestral Concert part 1: Mozart (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Concert part 2: Rachmaninov (S). 2.10 Music in our Time (S). 3.05 Orchestra Transcriptions and Variations (S). 4.05 Violin and Viola recital: Mozart, Spohr (S). 4.55 Jazz Today (S). 5.25 Pied Piper (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Work and Training. 7.30 Britten concert (S). 7.45 Royal Liverpool Philharmonic Orchestra concert, part 1: Vivaldi (S). 8.30 Science on a Hinge of History. 8.45 Concert part 2: Beethoven (S). 9.45 Drama Now (S). 10.40 Historic Performances on Record conducted by Victor de Sabata. 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 VHF Regional News and Weather. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call (from 9.20). †10.00 News. †10.05 From our own Correspondent. 10.30 Daily Service. 10.45 Morning Story. †11.00 News. †11.05 Down Your Way. †11.45 Richard Stilgoe with the BBC Sound Archives. 12.00 News. 12.02 p.m. You and Yours. 12.27 Dad's Army. †12.55 Weather programme news (VHF except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00) including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Les Misérables. 3.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report (VHF Regional News). 5.55 Weather programme news. 6.00 News. 6.15 My Music (S). 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.25 Party Political Broadcast on behalf of The Labour Party. 7.30 The Wit and Wisdom of Freddy Grisewood. 7.45 Royal Liverpool Philharmonic Orchestra concert part 1 (as Radio 3) (S). 8.30 Science on a Hinge of History (as Radio 3). 8.45 Concert part 2 (as Radio 3) (S). 9.45 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

For schools (VHF only) 9.20 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Richard Vaughan with Rush Hour. 9.00 Susie Barnes with London Live. 11.03 In Town. 12.03 p.m. David Simmons' Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Matter of Fact. 4.32 Tony Fish with Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Weekly Echo. 8.30 All That Jazz. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2.

London Broadcasting

261m and 97.3 VHF

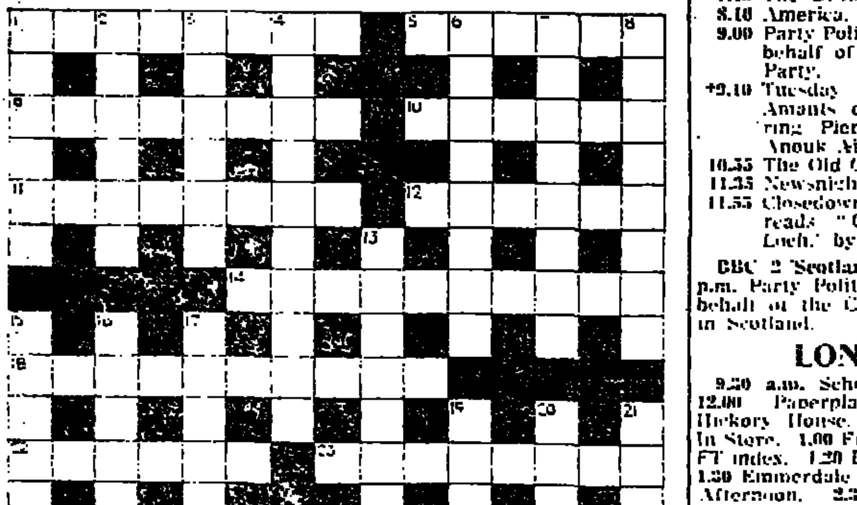
5.00 a.m. Morning Music. 6.00 "AM"—Breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene, The Breakfast Show. 9.00 Tony Myatt. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London Today. 7.30 Adrian Love: Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 The Late Show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,070



ACROSS

1 Implored to be looked for ... (8)
5 ... and look for south-eastern cunning (6)
9 Gathering and pressing together (8)
10 Hall north for bliss (6)
11 Get on one in the range (8)
12 Oriental to be joined in residence (6)
14 The art of choosing the favourite (10)
18 Petty thief taking unusual posh trifle (10)
22 Sequoia type? (6)
23 Royal bird and monarch showing off (8)
24 Order to notch apprentice (6)
25 Unswervingly faithful but honestly dismal (4, 4)
26 Support of the highest order (6)
27 A call for help—about the most excellent—but it won't burn (8)

DOWN

1 Live with company and me and Grace (6)
2 Appear to be found (4, 2)
3 Modernise, as one must with computer programmes (6)
4 Pass one vessel—it's an art (10)
6 Always extra for all time ... (8)
7 ... and clergyman right always to the finish (8)
8 Stopped deer going to Eastern communist (8)
13 Subsequently behind parts of hospital (10)
15 Eagerly desiring a drug before start of gastritis (8)
16 It may strain senior army officer and Her Majesty (8)
17 Union affiliation or treaty (8)
19 Be firm and stick (6)
20 A small log of wood or soldier's post (6)
21 Concurs with engineers in time (6)

Solution to Puzzle No. 3,069

ENTERTAINMENT GUIDE

OPERA AND BALLET

COLISEUM. (01-236 3161) LONDON FESTIVAL BALLET Eves. 7.30. Mat. Sats 3. Tonight & Tomor. Dvorak Variations, Prodigal Son: Thur., Fri. & Sat. Parade, Mendelssohn Symphony, Le Coq d'Or. Mon. Le Sacre de la Sylphide. Giselle.

COVENT GARDEN. THE ROYAL OPERA [illegible]

THEATRES

GREENWOOD, LONDON BRIDGE. Festival du Theatre Francais. Evgs. 8.0. Mat. Sat. 4.30. Replacement for "Surena" is DIDEPOT'S "Le Neveu de Rameau." Simultaneous translation. 403 0592.

THEATRES

ROYAL COURT. Beckett Season. Prev. Tomor. 8. Opns Thur. ENDGAME. Directed by Donald Mc[illegible]

[illegible]

Museum of Mankind

Nomad and City

by WILLIAM PACKER

The Museum of Mankind, which is the Ethnography Department of the British Museum, while not born to blush entirely unseen, certainly wastes much of its sweetness on the far from desert air of Burlington Gardens: for it remains surprisingly and unfairly under-visited, unknown to the wide public that flocks to the parent in Bloomsbury.

A visit will always reward the curious, to-day more than ever. Of all the exhibitions that constitute the Festival of Islam, *Nomad and City* is the most accessible, engaging and immediately enjoyable. For the rest, we have walked past the elegant but orthodox presentation of the material, often fabulous in itself, the pictures hung on the wall (where else?) and the treasure safe within the showcase. We have seen objects in isolation, and inspected them closely. Here, however, is an attempt at that most difficult of shows, the creation of a convincing tableau, an accurate and total simulation of the true context, to give an authentic whiff of a way of life.

The limitations are obvious: the cracks do show, and we miss the sun. The claustrophobic constriction, so true of the City, destroys the space of the Nomad. But this is a kind of theatre, and we must suspend our disbelief for it to work. And so it does.

We start with the Nomad, and a Bedouin encampment. We see the tent complete, its interior space divided by a screen to separate the men from the women and children, and furnished with all the impedimenta of camp life, the carpets, cushions and mattresses, the pots and pans. The simplicity of the life, and the strength of the people, are clearly apparent, informing everything we see and most obviously expressed in the fabrics woven by the Desert Arabs; for weaving and embroidery are the only decorative crafts they practise.

The display is augmented by much documentary material, an admirably lucid description of the things shown, and the way they are made and used. Clothes, jewellery, harness and other equipment are shown in separate displays; and there are many fascinating photographs of the Bedouin themselves. But, though we may gauge the scale of things from photographs, that knowledge is not experience.

Of course the Museum is no substitute for the Desert either: but it does give us at least a salutary shock by putting up the tent that we might measure ourselves against it, and transport ourselves, if only imaginatively, into the hard life that it sustains. The point is made straight-forwardly and without affectation.

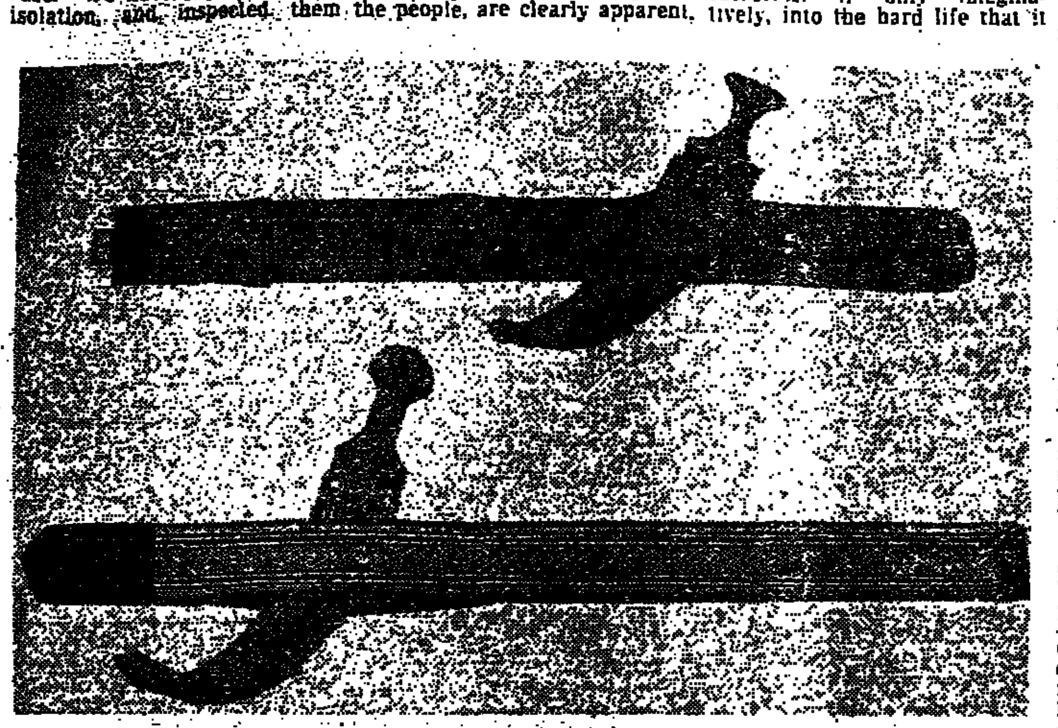
The second part of the exhibition, though treating the City in the same way, presenting the environment with its explication, is necessarily much more ambitious, and thus at times more disappointing. The subject is the city of San'a' in the Yemen, which is taken as the type of the Islamic town.

We move in turn from Market to Mosque, Bath-House and Dwelling-House. The simulacrum of an Arab street is attempted, with its stalls and workshops for the spice-seller and knife-maker. Sadly it is the Arab street we know too well, full of tourists and policed by uniformed attendants in wonderful incongruity, with not an Arab in sight: but it is a brave try, and again the scale is true.

The other sections are fascinating, with scale models of the city's buildings, cut away to reveal their secrets, adding much to our understanding and enjoyment of each particular tableau, from the kitchen in the basement to the mafraj, the principal room that looks out across the roof-tops.

Finally we come to the City of Fez, a short and effective programme of slides and commentary, dealing with that city's history and development, and hinting at some of its contemporary problems. The audio-visual display, an intriguing form in its own right, is becoming an accepted feature of the modern exhibition, and here, in the lecture-theatre, provides a thoughtful epilogue.

Nomad and City lasts until the end of June: already it appears to be popular, for it has been comfortably busy whenever I have revisited it. Informative on the general level, with more detailed and scholarly information provided in the two excellent books published for the exhibition, it deserves to be a success.



Ceremonial daggers and belts from San'a'—top, gilded filigree work; bottom, silver bead work

Covent Garden

Margaret Price

by RONALD CRICHTON

The ill wind that sickened Teresa Berganza brought Margaret Price to take her place for Sunday's recital at Covent Garden. Miss Price being a planet who sails through our skies too rarely, disappointment, though great, was mollified. The unexpected visitor regaled her audience (which should have been larger) with singing remarkable for beauty and evenness of tone throughout the register, unfailingly good diction in a number of languages, and a cheerful presence. Her programme included 19th century Italians, Liszt, Schubert, and a generous batch of folksongs including Ravel's admirable Greek set.

Miss Price's sheer reliability in matters of vocalisation (a quality not to be underrated) has a reverse side in a certain emotional facility. The Petrarch Sonnets of Liszt were an example—beautiful, demanding pages that assume subtlety of interpretation more often lavished on the finest French or German song with a vocal technique worthy of Bellini at his most elaborately melodious. Miss Price produced quantities of liquid, flexible tone but also one or two suddenly pinched high notes, probably the result of going too hard for a rather conventional kind of passionate expression where something more reflective is called for.

The Schubert group, unadventurously chosen, included "The Shepherd on the Rock," with Jack Brymer for the clarinet obbligato. It suits this singer to perfection. The folksongs gave much and varied pleasure, none more than Britten's haunting setting of "Il est quelqu'un sur terre." The Welsh songs suggested that it is being bilingual as well as having an accurate ear for vowel sounds that makes Miss Price's words so clear. Her partner was Anthony Hose, who unwisely kept the piano lid down and under-pedalled as pianists ought to do in the Elizabeth Hall but generally don't. His Liszt was thin and dry, but he found the right weight for Schubert and, notably, for Ravel.

Peter Millard and Ross Skene in the Toronto Workshop Theatre's production of "Ten Lost Years," that opened last night at the Young Vic

Elizabeth Hall

Zukerman

by GILLIAN WIDDICOMBE

An important recital on Sunday by that superfine young violinist Pinchas Zukerman. He played in a subtle, sapient mood throughout the programme, so it was not surprising that the Brahms D minor was the summit of the evening. (Which was a particularly rewarding situation, for it cleared from one's mind the roughshod, unready recordings made recently with Barenboim of all the Brahms fiddle sonatas—not so much a case of jumping in at the deep end as an example of filling up a spare recording session.) Sunday's Brahms D minor was distinctly dominated by Zukerman, for Marc Neikrug's accompaniment was more in the nature of support than equal statement. Zukerman opened the D minor tenderly: only in the last movement did he assert full tone—surely as rich and molten a tone as any violinist since Menuhin.

When Zukerman is in top form there is no limit to the colours possessed and expressed by his violin. The two qualities that are particulary rare are the warm, wide vibrato, nourishing note and phrase in level application, and the miraculous bowing arm, seamless and supple. Last Sunday both these assets were submerged by the seriousness of the sonatas in hand. The modest Schubert sonata, sweet in line if repetitive in thinking, was played with an uncommonly mild expression, though in each movement the last appearance of the melody always blossomed. Zukerman seemed determined not to turn the work into a virtuoso correspondence, fiddle to piano; not to show off his own sparkle.

The Elgar sonata followed. (A peculiar choice, in view of the Brahms later; to my taste the combination resembled too much pudding and treacle.) The Elgar is new to Zuckerman's repertoire (likewise the Elgar concerto); but happily he avoided the period trap which has snared several of his contemporaries—slashing into the melodic line with sloppy 1920-ish portamento. It was a generous, deliberate performance, richly phrased but sensibly constructed. The hesitant, shadowy central movement was perfectly done, with a touch of twilight delicacy.

For his second encore, Zukerman produced more Elgar: the little set of six pieces, which even a child could play in first position. Here Zuckerman turned into the Heifetz of his generation, conjuring velvet whisperings out of little nothings. His other encore was a snippet from Schubert's G minor sonata, in which we caught a glimpse of that masterly spiccato. A'tschoo! That feathery bowing arm tickles.

Festival Hall

War Requiem

by MAX LOPPERT

In celebration of the Festival Hall Silver Jubilee, the GLC is promoting a luxurious, not very imaginative short season of concerts (May 2-12) involving, among others, the five London orchestras and the Mozart Players, Janet Baker and Clifford Curzon in recital, and a final splash by the Berlin Philharmonic. Britten's *War Requiem* opened the series on Sunday, given by the London Philharmonic Choir and Orchestra under Bernard Haitink.

A work making imaginative and subtle use of resonant acoustics is not the wisest of choices for an auditorium whose most notable sound characteristic resides in its dry clarity. So much of the *War Requiem* gains from the layering in vast space of its different textures that their lack of "placing" was here often a distinct hindrance to the atmosphere of the music. In addition, the uncertainties of the Wandsworth School boys, thin of voice and imprecise in intonation, were given embarrassing emphasis, with no reverberance to soothe their evident discomfort.

For Bernard Haitink's muscular, invigorating, yet also careful direction of the music, all praise. A *War Requiem* led by him some years ago was evidently a profound experience, which, in truth, the present performance was not, with rather too many orchestral slips and slides to add to the insecurities of the boy chor'sters, and both Galina Vishnevskaya and Thomas Hemsley on only moderately good form. It was good to encounter again that arrestingly individual Russian soprano sound, part tamed wildness, part affecting sweetness, lending just the right "alien" quality to the music; but Miss Vishnevskaya had moments of unhappiness at the top of the stave. The chorus, less precise of rhythm than pitch, made a big, well-knit sound in the climaxes of the "Sanctus" that was not always of equally good quality lower down the dynamic scale. In sum, it was not a performance that resolved the many doubts the *War Requiem* raises, or that forged the (sometimes) moving parts into a convincing whole. Only when Peter Pears was leading the "Agnus Dei" with all the blanched calm and infinite poise at his command, was the impression of a noble failure temporarily erased.

Round House

Xenakis's 'Psappha'

Xenakis's *Psappha* was the new work at Sunday night's English Bach Festival concert at the Round House, in a programme shared by the percussionist Sylvio Gualda, the dancer France Merovak, and two electronic tapes. *Psappha* (an archaic version of the name Sappho) is a short, tough, virtuoso study in rhythm and timbre for solo percussionist, 12 minutes long. The score calls for six groups of sounding instruments, three of skin and wood, three of metal. None is specifically pitched, although each group of three is roughly defined by its range, high, medium and low (or in the case of the metal instruments, very high, average, neutral). The pulse is steady and constant, although not necessarily always perceived: the effect is one of great simplicity, concentration and energy—a fireball in black and white, an abstract etching of force-lines and contrasts, a machine-consciousness at once alive and inert.

A number of instruments called for by the composer were not available here at short notice: bongos, tablas, African drums, congas, simantras, tree-trunks, Japanese temple-blocks. A few of the substitutions, timpani, ordinary side-drums, were probably too familiar and neutral in sonority to realise the full range of timbres intended—from the most delicate, sharp thimble-pattering, to explosions fierce as gunshots, punctuated at the climax of the piece by huge silences (though a silence in the Round House, to be sure, is no more than a pause to let through the noise of the gas-burners, ventilation and trains). It would have been good to hear the thump of a really big *grosse caisse*.

Both the other Xenakis works in the programme were tape-pieces: the remarkable *Diamorphoses II* (1957), which pre-dates, and in many subtle ways also foreshadows, Stockhausen's *Hymnen* by nearly ten years; and the wild, violent *Orient-Occident III*, "an arsenal of sounds and structures," built from electro-acoustic material in the GRM studio in Paris in 1959-60. *Diamorphoses II* was provided with a dance accompaniment by France Merovak, a danseuse from the Opéra, during which a number of pieces of body-jewellery were cast off: a rather cheap addition, which not only distracted from, but also dispersed, the highly concentrated sound-world of the music. Puzzling choice in the light of Xenakis's own crisply provocative remarks on the subject made during an interview published this month in *Music and Musicians*: "You can observe many composers who prefer to play their music with some action on the scene or stage. I am against that. To perform music with visual actions, that's treason!"

Ball for solo percussion and dancer by Gualda's percussionist colleague Jean-Pierre Drouet, on the other hand, was conceived as a duo, "a sort of pas-de-deux between partners of different disciplines." The claim in practice proved less than convincing: a pretty bauble of doodles for mixed percussion instruments, from which Mlle. Merovak this time provided perfectly welcome distraction.

DOMINIC GILL

Palladium

Lena Horne and Tony Bennett

by ANTONY THORNCROFT

To get to the top of the very greasy show business pole, and to stay at the top, requires either considerable charm or considerable talent. An evening pleasantly spent at the Palladium suggests that Tony Bennett has more charm than is decent, while Lena Horne gracefully combines both. She was a revelation.

Now 58 and a granny, as she frankly admitted, she managed to look beautiful rather than freakish; sang with a control which was remarkable; and communicated with the audience with an easy grace. For most of her hour-long spot she poured out the songs with which she has been largely responsible for improving the world — from "Honeysuckle Rose" to "Lady is a Tramp" by way of "Stormy Weather."

There was a little gentle reverie about her first London visit in 1947, and the public's generosity in sacrificing its coupons to give her handkerchiefs. She used a hankie, presumably not the same one, on Friday, tied loosely around her neck to staunch the sweat and to make herself even more attractive. There is one adverse criticism—a lousy choice of new material—but for once I agree with a "show business" reputation.

Tony Bennett stormed through the second half as if his reputation depended upon it. He seemed strangely nervous and his voice was decidedly erratic, but when he launched himself into his familiar songs (yes, he sang "San Francisco" and "Once in my life") he had the tenacity of a puppy, and to hell with the right key.

The charm was infectious and his smile excused anything as he bowed to the audience at each ripple of applause and constantly drew attention to any good thing produced by the hard-working orchestra behind him. It was an exhausting performance, but ended well when Lena Horne reappeared and they sang snatches from the repertoire of Harold Arlen. For two such celebrated entertainers it was an attractively low-key concert, without the slush and ballyhoo that usually ruins such occasions. They made it seem like a worthwhile way to spend an evening.

The one thing missing was excitement and in terms of pure unthinking pleasure Manhattan Transfer who also appeared at the Palladium last week, have the edge. This is a quartet of New Yorkers who are cashing in on the nostalgia for the music of the '30s through to early '60s. Their close-harmony singing and amusing stage routine make them the hottest cabaret act around.

Cast changes at Glyndebourne

Alan Titus, who was announced to sing Pelléas in *Pelléas et Mélisande* at Glyndebourne this summer has had to withdraw due to illness. The role will now be sung by André Jobin, who will be making his debut at Glyndebourne.

David Rendall will sing Ferrando in *Cosi fan tutte* in the performances on August 3, 5 and 7.

British pianists for Liszt Competition

The first-ever Liszt Competition, for British nationals only, is being promoted by the University of Surrey this August.

There are two age groups—18 years to 30 years and 17 years and under. Prizes total £1,250 and the winners will take part in the European Liszt Piano Competition to be held in Hungary in 1977. In addition, the winner of the senior category will be offered a series of recital and concerto engagements.

Applications for entry can be obtained from the British Liszt Piano Competition, 59, Leopold Road, London, S.W.19, to arrive before July 1.

Letter from Sweden

The Free Groups

by OSSIA TRILLING

In the wake of the student revolt of the '60s and Ingmar Bergman's advocacy of a drive for new audiences, especially among the young, when head of "Dramaten" ten years ago came the new wave of "Free Groups" in the Swedish theatre. The new groups, though still in the main opposed to the institutional theatre, are to-day an integral part of the theatrical map. Alongside its own groups that the established theatre, not to be outdone, created to put on dramas of protest or criticisms, or both, the free groups are to-day assured of both state and local government subsidy. Swedish theatre is unthinkable without them. At last year's annual Scandinavian theatre forum, the "Vasa Seminary," the motion for even greater subsidies for institutional and free theatre alike, to ensure the highest possible artistic standards in each, was voted unanimously.

The earliest groups, those that visited London's Arts Lab and the Open Space among them, were greatly influenced by the American pioneers of the "Happening" and "Underground theatre" like Kenneth Dewey and Ann Halprin, the first person, as I recall, to bring nudity to the Swedish stage (at Stockholm's City Theatre), which proved a fertile ground for theatrical experiment.

"Gipsies," launched at Dramaten in 1968 and so called after the title of a documentary about an ethnic minority and its troubles, was a breakaway radical group that, as the "Free Pro Theatre," enjoys unrivalled popularity to-day. Its new home, the Scala, where Peter Weiss's prophetic *The Song of the Lusitanian Bogeyman* was once world-premiered by its private owners who have since failed to keep it going as a commercial theatre, Proteatern's *Operation Aurora* invites its youthful, mainly left-wing patrons to witness a satirical cabaret ostensibly staged by the military during a simulated nuclear "red alarm." The show within the show pokes fun at the Establishment as mobilisation is declared to meet the dual invasion from the USA from the west and the USSR from the east.

Pistolteatern, founded in 1964, is the oldest free group and the best-known. After devastating their auditorium in the Old Town as part of a protest "Happening" during the city's controversial rebuilding spate, the Pistol Theatre has now acquired a new home. Its collectively staged *Macbeth*, with nine adults and one child actor sharing all the roles, boasts a noisy rock-band and four screeching witches, who clamber over the scaffolding, with its perilous walkways and platforms, over the heads of the spectators. The extrovert, spine-chilling, rowdy playing of the Protean cast in the midst of the audience was totally engrossing.

Some 90 free groups, half of them professional, half part-time or amateur, are federated in the new Theatre Centre and its regional offshoots, which hold regular workshops, seminaries, and much-needed physical training sessions. They include children's theatre groups, puppet theatres, and music groups of every kind. Some tour through the socialist People's Theatre movement (Folkets Teater), some through the State Touring Theatre (Riksteatern), and others through its musical counterpart (Rikskonserten). A typical children's theatre, the six-year-old "Modelteatern," gives 250 professional shows every year. The Fonofon music group, in Central Sweden, have just staged a delightful mini-version by Lennart Schultz of Berté's *Dreimäderlhaus* (as *The Maidens' Bower*), with Einar Bergh, adaptor of the libretto, as Schubert and Lena Gustafsson, a former violinist, making a promising debut as leading soprano.

I caught the Umeå Music Theatre, from Northern Sweden, at Stockholm's State-owned Södra Theatre, a regular venue for visiting troupes, rather like our own Sadler's Wells. A double-bill comprised a drama by Axel Strindberg, nephew of the dramatist, with music by the German-born Eberhard Eyser, entitled *Carmen 36*, and a witty performance of Pergolesi's *Il Geloso Schernito*, sung and acted like a *commedia dell' arte* playlet by three charming youngsters. The 65-minute-long *Carmen 36* combined the spoken word, *a cappella singing*, and authentic guitar-playing and Spanish dance, with an atonal score for a six-piece band of assorted wind, brass and percussion. The Mérimée story was recast in the tragic mould of a Basque guerrillera's involvement with a Franquista deserter under sentence of death during the Civil War.

In Lasse Söderberg's *A Mass for Franco*, staged by the part-time Malmö-based Theatre 23 and seen throughout Sweden and in Norway, a form of the Catholic Mass is conducted by a priest and two girl choristers as a loudspeaker recites the facts behind the Civil War, the fascist regime, and the popular resistance that is only now beginning to make itself felt. Not every group goes in for politics, but politics—usually and inevitably—take first place with the groups.

"Bruksteatern," the Works Theatre, have just staged *The Story of Mother Sa'd*, a tragedy with music by Anders Lindström, featuring Arabian folksong and adapted from a translation of *Umm Sa'd* by Ghassan Khanafani, the Haifa-born poet who died in an Israeli reprisal raid on a PLO headquarters in Beyrouth in 1972. Its cast of 12 singers and actor-musicians re-enact the unhappy story of the exiled mother of the title in a Lebanese refugee-camp who loses her two guerrilla sons in the clashes that come of revanchist hatreds.

Erland Rynell, Stefan Hallin, Karin Helander and Lena Rasmussen in 'Haifa is Burning'

WORLD TRADE NEWS

PUK wins Frs.1.5bn. Soviet alumina plant contract

BY ROBERT MAUTHNER

PARIS, May 3.

THE FRENCH metals group, Pechiney Ugine Kuhlmann, has won a very large contract, reported to be worth some Frs.1.5bn. (about £180m.) for the construction of an alumina plant with a capacity of 1m. tonnes per year on the shores of the Black Sea in the Soviet Union.

The contract, which has already been dubbed the "aluminium deal of the century" in France, has been negotiated against tough international competition, especially from Alcoa and Kaiser of the U.S. and Japanese non-ferrous metal groups.

The agreement, the signature of which at the week-end coincided with the end of an official visit to France of Mr. Andrei Gromyko, the Soviet Foreign Minister, also provides for the building of an aluminium factory in central Siberia with an annual capacity of 500,000 tonnes and two other plants producing anodes and fluoride products used in the manufacture of aluminium. But the contract for these factories still remains to be finalised.

As its part of the bargain, PUK, which heads a consortium including Creusot-Loire, Fives-Cail Babcock, Escher-Wyss France and Lurgi SA, has undertaken to purchase 50,000 tonnes of aluminium per year, from the Soviet Union.

As with most deals with the Soviet Union, it has been under negotiation for several years. As long ago as 1973, the Russians invited international tenders for the construction of what they claim will be the largest aluminium complex in the world. PUK was one of the favourites from the very beginning, but lost ground in subsequent years when the fall in the exchange rates of the dollar and yen made the U.S. and Japanese offers more attractive to the Russians. As a result of recent international currency trends, however, the French bid again became highly competitive.

The cooling off of Franco-Soviet relations following President Pompidou's death in 1974 was also believed to have militated against the French for a while. But the final political obstacles to the deal were removed last week when Mr. Gromyko and his French opposite number, M. Sauvagnargues, succeeded in clearing up some of the misunderstandings which had risen between the two countries.

● PUK and Generale Industrie Metallurgique (GIM) have formed a joint study group to examine the activities of their Italian copper and aluminium conductor processing subsidiaries Trafilerie E Laminatoi di Metal (of PUK) and Societa Metallurgica Italiano (of GIM).

A PUK spokesman said the group will examine the profitability and competitiveness of the subsidiaries, especially in view of Italy's current crisis, but gave no further details.

Polish project cutbacks

WARSAW, May 3.

POLAND has announced cutbacks in some investment areas to concentrate on key industrial plant that would either save hard currency imports or boost exports to the West.

The party newspaper daily, Trybuna Ludu, said it was unpopular, but indispensable, to halt work on some projects which had been inserted into the five-year plan 1976-80 without Central Government authority.

Poland now proposed to concentrate investments on 92 key projects including the new Katowice steel mill which is the largest single investment in the Five Year Plan and has been under construction for over two years, partly with Soviet equipment.

France is supplying two rolling mills for the Katowice foundry which is due to open its first production unit by the end of this year. In the meantime Poland is importing steel from Austria and some other countries to supply its growing industry and car manufacturing sectors.

Other key projects qualifying for concentration of resources are power plants, food processing and house-building, while public housing will not be affected by cutbacks.

With some $6bn. of external debt, Poland is increasingly anxious to boost exports and promote hard currency economies at home.

Reuter

Australian car talks resume

BY KENNETH RANDALL

CANBERRA, May 3.

A CONFERENCE under Government sponsorship began a final effort to-day to thrash out the issue which will largely govern the proposed restructuring of the car manufacturing industry in Australia.

Representatives of General Motors-Holden's, Ford and Chrysler—the established manufacturers—plus Japanese officials of the Toyota and Nissan companies met with the Minister for Industry and Commerce, Senator Robert Cotton, on future plans for four-cylinder engine production.

The Japanese companies have been planning to join with Chrysler and the Australian Industry Development Corporation to make four-cylinder engines at Chrysler's south Australian plant. But GM-H has announced its intention to enter independently into four-cylinder production in Victoria.

Senator Cotton has made it clear that the Government does not want fragmented production capacity for four-cylinder engines. When the Government announced its preliminary restructuring proposals last month, the entry of Toyota and Nissan into local manufacture was made conditional on a satisfactory resolution of the issue.

April 30 had been set as the deadline for finding a solution to the engine problem and talks began on April 9. After to-day's meeting Senator Cotton said that a number of proposals had been considered, aimed at finding a way in which "the Government's desire to see full use made of existing productive resources could be reconciled with the technical and commercial considerations which the companies must take into account."

No details of to-day's talks were made public but it is understood that one suggestion is that the Chrysler-Toyota-Nissan consortium buy engine castings from GM-H's Victorian plant and build them up in south Australia.

Senator Cotton said to-day that the issue was "not necessarily a matter of one side or the other giving ground." GM-H, he said, had been most co-operative in trying to get the best solution. "As a Government," he said, "we must be careful not to give a solution to the industry which it cannot accommodate."

The Minister described to-day's talks as constructive and said they would continue over the next few days, with the results being reported to Cabinet "in the near future."

Iran cuts import tariffs

BY ROBERT GRAHAM

TEHRAN, May 3

IN A move to ease pressure on the demand for new cars the Iranian Government has decided to make substantial cuts in the commercial benefit tax (or protective tariff) applied to four-door saloons with a cc of 1,440 to 1,800. In March the Government decided to abolish the discount in favour of used car imports, putting them on a par with new car duties.

This represents a change of policy from last year when the Government decided to meet the shortfall in local assembly production through direct Government purchases from abroad whereby 20,000 Hillman Avengers were imported from the U.K. in two lots.

Now the Government seems to have decided it preferable to let demand be met by market forces—at the same time curbing used car imports which strain the supply of spare parts.

The commercial benefit tax on cars within the 1,440 to 1,800 cc range has been cut from a maximum of 500 per cent. to a minimum of 60 per cent. This includes the following British cars: Hillman Hunter, Humber 1725, Austin BL, Ford Cortina, Vauxhall Victor and Hillman Avenger. This still leaves a differential of about 30 per cent. between these models and the locally assembled Peykan.

However, with an Iranian preference for imported models, it could be that the anticipated target of 30,000 to 35,000 cars imported this year will be exceeded. It should also ease the black market pressure on Peykan prices, paid for immediate delivery.

Egypt raises import duty on luxury goods

CAIRO, May 3.

THE EGYPTIAN Government has issued a decree in effect increasing customs duties by 50 per cent. on a wide range of goods imported by the private sector.

Most of the items affected are considered luxury imports in Egypt. Among them are cars, consumer goods such as refrigerators and washing machines, and a range of items used in the building industry.

The aim of the decree issued by the Finance Ministry is to increase Government income at the expense of the small, but relatively wealthy, part of the population which has shown a large demand for such goods in recent years.

The decree stipulates that customs duties levied on goods imported by the private sector will henceforth be calculated at what is known here as the incentive rate for the dollar. The official rate is $2.56 to the Egyptian pound, while the incentive rate is $1.6 to the pound, a difference of 38 per cent. The difference in fiscal taxes on the two rates makes the gap close to 50 per cent.

Import duties on new cars, for example, are now 100 per cent. A car costing $4,000 abroad was considered at the official exchange rate to cost E£1,562.5. Under the new system, it will be considered to cost E£2,343.75. While the customs rate remains the same, the cost to the importer—passed on to the buyer—will increase by 50 per cent.

Economic experts say they believe the new measures will affect 20 per cent. of all Egyptian imports, taking public and private sectors together.

AP-DJ

FT CONFERENCE

U.K., Norway define N. Sea policies

BY FAY GJESTER

OSLO, May 3.

MR. J. LIVERMAN, Deputy Secretary of the U.K. Department of Energy, said to-day that Britain's oil policy was aimed at giving companies confidence in their future in the North Sea, persuading them to put the area high in their world wide investment auctions, while at the same time safeguarding the interests of the British public.

Speaking at a two-day conference organised by the Financial Times and four Nordic newspapers Mr. O. C. Muller, Permanent Secretary to the Norwegian Ministry of Industry (the Ministry concerned with oil affairs) for his part foresaw no early change in Norwegian block allocation, though in special areas, the state might drill for own account and risk in order to further evaluate reserves. As oil revenues rose, the financial burdens of exploration would no longer discourage Norway from undertaking 100 per cent. state activity on new blocks, if this proved advisable, but there would still be ample room for experienced international companies in co-operation with Norwegian interest.

Professor Peter O'Dell, of Rotterdam's Erasmus University, said one of the two main factors still determining developments in the North Sea was the oil majors' evaluation of how much oil and gas from this area they could profitably absorb into their international supply and demand schedules. The oil companies were unenthusiastic, or even opposed, to a rate of development which would upset their internationally organised optimum supply and transport patterns, he claimed.

Brokers earn less overseas

By Terry Wilkinson

OVERSEAS EARNINGS by Stock Exchange broker firms fell by 4.7 per cent. to £18.5m. last year. There was a particularly sharp fall of 17½ per cent. to £3.6m. in the final quarter.

Figures released by the Stock Exchange point to a deteriorating trend in arbitrage earnings, which arise from the buying and selling of securities in different financial centres.

Brokers' commission on dealings on behalf of overseas clients rose from £9.1m. to £9.9m. during the year but net profits on arbitrage and the share of joint account profits and losses fell by a quarter to £7.6m., including a drop of more than one half in the closing three months.

The view in the City is that this decline in arbitrage earnings is attributable to the fall in mining shares business. The volatility of the pound and the dollar premium has made it difficult to quote competitive prices and the market in these shares has largely migrated to New York.

Elsewhere, new issues of overseas securities provided an increased source of earnings with fees rising from £146,632 to £485,925 during the year. Other revenue, in the form of interest on loans and deposits, corporate finance services, advisory fees and underwriting commission also rose from £191,756 to £525,794.

Japan lifts TV output

Japan's colour TV sets production totalled 821,000 sets in March, a rise of 8.5 per cent. from February and of 95.1 per cent. from March, 1975. The Japan Electronics Industries Association announced. Exports rose 18.4 per cent. from February and 71.2 per cent. from a year ago to 356,000 sets, mainly due to higher exports to the U.S., Reuter reports from Tokyo.

Israel tyre exports

Israel's tyre industry, namely Alliance Tire and Rubber of Hedera, expects to increase its overseas sales this year to $35m., compared with actual exports in 1975 of $31m., our Tel Aviv correspondent reports. The largest single market is the U.S. which took $10m. worth in 1975

AMERICAN NEWS

Indiana primary will be crucial test for Reagan

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 3.

PRESIDENT FORD, shaken by his crushing defeat in Texas over the week-end at the hands of Mr. Ronald Reagan, is now facing, with considerable trepidation, three more primaries to-morrow in which the outcome is thought to be in doubt.

They are all in Georgia, Alabama and Indiana. In the District of of Columbia District of Columbia which also votes to-morrow, the President is unopposed.

It is reckoned that Mr. Reagan's chances in Georgia and Alabama, which send a total of 85 delegates to the convention are good. They are both Southern States, and Mr. Reagan's only primary victory prior to Texas was achieved in neighbouring North Carolina.

Indiana, where President Ford is currently campaigning, is the reality test of Mr. Reagan's sudden resurgence. It is the 11th largest State in the Union, sends 54 delegates to the convention, and is the sort of State that the President has been able to carry so far.

His advisers there have been confidently predicting victory for some time. Although polls earlier in the year put Mr. Ford 25 points ahead, the 10-point margin that the State Republican chairman si now estimating is comfortable enough.

But there are now doubts. There is some doubt on whether or not Indiana is residually conservative. The evidence had been that as the State's economy shifted from an agricultural to an industrial base, its politics had moved too—to the extent that both of its U.S. Senators, nine of its 11 Congressmen and one House of the State Legislature are in Democratic hands.

But it is now being noted that the Southern part of the State is pretty close to the Reagan strongholds (Kentucky is its Southern neighbour). Mr. George Wallace took 41 per cent. of the vote in the primary there four years ago, an indication, it is argued, that Conservatism in Indiana is by no mean moribund.

Moreover, Indiana is another of the States which permits crossover voting, which in Texas was a main factor in the Reagan landslide. It is, therefore, quite possible that conservative Democrats will again forsake Mr. Wallace and vote for the conservative Republicans. His Texas victory has lent a certain legitimacy to such a tactic and his campaign manager in Indiana is claiming that it will be worth 10 percentage points in to-morrow's contest.

There are renewed doubts also about the quality of the Ford campaign organisation. Senator Barry Goldwater, for example, observed over the weekend that "President Ford has no organisation in any State that I have been in, and Reagan has a fabulous organisation."

More materially, Mr. Ford may be running into some money problems. These are not the sort that have bedevilled both the Democrats and Mr. Reagan, who were heavily dependent on Federal financing. Mr. Ford still has money in the bank but appears to have been spending it rather too freely: his campaign in the primaries has already cost him $9m., of the $15m. ceiling permitted by law. Yet two-thirds of the primaries still lie ahead and the Reagan challenge is now more alive than it ever was.

A Reagan hatrick of victories to-morrow would really put the cat among the Republican pigeons. It would more or less even up the delegate race between the two men and would focus considerable attention on those Republican delegates who are officially uncommitted. It has been assumed that most of these could be placed in the Ford camp, but it is worth remembering that many of them are effectively controlled by other notable Republicans—above all, Vice President Rockefeller, who constructed the New York delegation to his own liking.

On the Democratic side, the real interest to-morrow lies in whether Governor Wallace can manage to hold on to his home State of Alabama in the face of the competition from Mr. Jimmy Carter. In Texas last week, Mr. Wallace was privately worried about the outcome in Georgia, the primary should merely be a coronation for the former Governor, while in Indiana, where Mr. Morris Udall has been kept off the ballot on a technicality, nobody seems to be standing in Mr. Carter's way. This morning, Senator Birch Bayh of Indiana, who dropped out of the Presidential race early, endorsed Mr. Carter, the first failed candidate to do so. That should remove whatever tiny doubts there were about to-morrow's contest.

Forecast of steel shortage

ATLANTA, May [illegible]

MR. EDGAR SPEER, chairm[an of] U.S. Steel, told a news confe[rence] before the annual meeting: "My guess is that in the [second] half of 1976, and pro[bably] throughout 1977 we are goi[ng to] experience once again a sho[rtage] of steel similar to that in [the] 1973-74 period."

His comment came in res[ponse] to a question about the like[lihood] of more price increases late[r this] year, AP-DJ reports. He d[id not] predict an increase, but sa[id he] would judge there would h[ave to] be a near shortage of products before anything o[ne] could contemplate anyth[ing on] price."

He said the chances of th[e com]pany's recovering its highe[r ...] depends "pretty much o[n how] well the market accepts" [the] price increase.

GNP growth

Recent developments in th[e index] of leading economic ind[icators] suggest that some deceler[ation in] the rate of U.S. GNP gr[owth is] probable in coming q[uarters,] Citibank has said in its E[conomic] Week publication, AP-DJ [reports] from New York. During [...] unfavourable movements [in nine] of the 11 sub-series avail[able at] publication caused the tot[al index] to decline by 0.4 per ce[nt., the] first decline in five mon[ths. The] publication points out [that this] development, coupled wi[th the] bank's analysis of first [quarter] GNP data, suggest th[at an] economic pause is indeed [in the] offing, the publication co[ncludes.]

ITT rates study

THE U.S. Federal Commun[ications] Commission (FCC) has m[oved to] review operations of Inter[national] Telegraph and Telephon[e com]panies to find out, amon[g other] things, whether their ra[tes are] too high, AP-DJ report[s from] Washington. The agen[cy an]nounced a preliminary [...] study of the communicati[ons com]panies to identify specif[ic issues] and procedures for a form[al rate-]making investigation. [It] said it expects to beg[in in] February. The Commiss[ion has] not studied internationa[l com]munications rates and rel[ated] investment in depth sin[ce ...]. The Commission said th[ere] have been "significant" [changes] in facilities and service[s since] then, including satelli[tes and] high-capacity undersea ca[bles.]

Chrysler recall

Chrysler Corporation [said] that it is recalling 8,3[...] 1975 model Plymouth Va[liant and] Dodge Dart passenger ca[rs to re]pair a possible defect th[at could] cause front brake failur[e, AP-DJ] reports from Detroit. [The com]pany said that brake fa[ilure has] occurred 11 times but [no acci]dents or injuries hav[e been] reported.

U.S. foreign hold[ings]

Foreign portfolio invest[ment in] the U.S. totalled $86bn [at the] end of 1975, a Treasury [official] said. That compares with [...] at the end of 1974, acco[rding to] Assistant Treasury S[ecretary Gerald] Parsky, AP-DJ reports. [Of the] $86bn at the end of 1975, [...] was in stocks, $29.4bn. Treasury debt, $11.1bn. corporate bonds, and is[...] Federal agencies, State ar[...]cipal governments, and [...] was in other private debt.

Argentine killings

Troops yesterday killed fi[ve left-]wing guerillas in a gu[n battle] outside the southern Ar[gentine] city of Bahia Blanca, a[n army] communique said in Buen[os Aires,] Reuter reports. The [deaths] brought to 190 the num[ber of] politically motivated [killings] since the armed forces [took] power in March 24.

Venezuela spendin[g]

The Venezuelan Governme[nt will] need to finance some $4.31b[n. over] the next five years from [...] lending institutions as part [of an] ambitious long-term sp[ending] programme.

U.K.-Brazil trade deals expected

BY HUGH O'SHAUGHNESSY

GENERAL ERNESTO GEISEL, the President of Brazil, arrives in London at mid-day for a State visit to Britain which government and business circles in both countries hope will result in major industrial and financial deals.

The Brazilian leader, who is to stay till Friday in Buckingham Palace, is bringing with him a strong Ministerial team. Though both British and Brazilian sources emphasise that no major contracts are likely to be signed by Brazil this week, British hopes are centred on the steel, railway and energy schemes which it is felt hold out bright prospects for British industrial and financial expertise. These are to be the subject of a series of meetings involving General Geisel, Mr. James Callaghan, British and Brazilian Ministers and senior British business representatives.

THOUGH formally denied by Government officials, speculation continues in Brazil that discreet negotiations for the rescheduling of part of the country's $22bn. foreign debt may take place during General Geisel's state visit to London, reports Sue Branford from São Paulo.

Davy International and Morgan Grenfell are in intensive discussions about the Acominas steel projects in the State of Minas Gerais which could yield several hundred million pounds worth of business for this country while Baring Brothers and Lloyds Bank International are expected to sign loan agreements for about £70m. for smaller steel projects.

The Transmark subsidiary of British Rail is seeking a major role in ambitious Brazilian railway schemes while British constructors of steel oil drilling platforms are believed to be close to agreement on the sale of technology to Brazil for its offshore oil exploration programme.

General Geisel's visit is to be the object of organised protests and representations by leading figures of the Labour Party whose National Executive Committee has decreed a boycott of the event.

Church representatives and Amnesty International are also expected to make their views of the human rights situation in Brazil known to the Brazilian leader during his stay.

Support for new NYSE chairman

AN INFLUENTIAL trade group of New York Stock Echange floor brokers will withdraw its support for a proposed constitutional amendment to give securities industry directors a majority on the Echange board, the trade group's leader has disclosed.

Mr. Harry Jacobson, President of the Association for the Preservation of the Auction Market, said in an interview that the withdrawal of support would be made as a gesture of solidarity to the big board's new chairman, Mr. William Batten, who will succeed the ousted chairman, Mr. James Needham, on May 19. Mr. Jacobson's group of some 700 floor brokers, or more than half the Exchange's individual members, was often at odds with Mr. Needham.

AP-DJ

Rubber strike unresolved

BY STEWART FLEMING

NEW YORK, May 3.

THE STRIKE of 60,000 rubber workers which has brought the four major tyre manufacturers in the U.S. to a standstill enters its third week to-morrow with both sides suggesting that little progress has been made towards reaching a settlement.

Talks between representatives of the United Rubber Workers and the four companies, Firestone Tire and Rubber, Goodyear Tire and Rubber, Uniroyal and B. F. Goodrich are due to resume this afternoon with the Federal Mediation Service continuing to keep a close watch on the situation.

In the meantime one of the country's major motor manufacturers, General Motors has begun to take action to protect its supplies. On a range of smaller trucks GM has told dealers that it will no longer fulfil the option to suppy a spare tyre. But on the bulk of its output where a spare is standard equipment it is still being supplied. However GM has warned its dealers that in view of the strike at the four major manufacturers it may have to ship a different brand or tread design as the spare.

This decision reflects the fact that while the strike has halted output at the four major manufacturers, production continues at other tyre companies.

A long stoppage had been predicted from the outset of the strike on the grounds that the rubber workers had a lot of catching up to do since their last contract did not protect them automatically from rises in the cost of living.

According to some forecasts it will need an offer of around 40 per cent., together with a cost of living escalation clause, for the three-year life of the contract now being negotiated to enable a settlement to be reached.

THE MEXICAN EXCHANGE RATE

The devaluation puzzle

BY ALAN RIDING, MEXICO CITY CORRESPONDENT

DESPITE MOUNTING speculation against the peso, the Mexican Government seems determined to maintain the 22-year-old parity of its currency. "There are technical arguments for and against devaluation," one senior official said, "but the clear political decision is not to devalue."

The "political decision" is that of President Luis Echeverria. But he leaves office on December 1, and the behaviour of his successor, Sr. Jose Lopez Portillo, a formar Finance Minister, is in no way predictable.

The latest wave of speculation against the peso was caused by no more portentous an event than Easter. It was at the Easter week-end in 1954 that the peso was last devalued, from Pesos 8.40 to Pesos 12.50 to the dollar, and every Easter in recent years has been marked by an outflow of funds from the country. This year, however, the outflow was reported to have been much greater. Accurate figures are impossible to come by, although estimates range from $300m. upwards. In the Chicago currency futures markets on April 23, the peso rate for delivery in December was 6.9 U.S. cents against a parity of 8 cents.

The Government responded by denouncing the newspapers that reported it, and by spelling out all the arguments against a devaluation against the U.S. dollar—notably that Mexican exports and industrial productive capacity are not elastic enough to benefit from such a measure, and that the country's foreign debt service would merely become more costly. It was also noted that, with reserves currently exceeding $3bn. Mexico can cope with an outflow of hot money and speculation against the peso.

The sharp deterioration of Mexico's external payments during the past three years nevertheless explains recent doubts about the peso. The current account deficit grew from $1,174.4m. in 1973 to $2,558.1m. in 1974 and a record $3,643.4m. in 1975. To some extent, this can be blamed on the American recession. Imports grew by 8.6 per cent. last year, whereas exports stagnated, and tourist earnings fell for the first time in 20 years.

> 'There are technical arguments for and against devaluation, but the clear political decision is not to devalue.'

The external deficit and the chronic budgetary deficit have led the Government to greater borrowing abroad. Last year the long-term foreign debt grew by $2,952m. to about $18bn. The Government's debt servicing burden has risen from $378.5m. in 1973 to $778.8m., equivalent to 27.2 per cent. of visible exports, in 1975. Foreign banks, however, still seem willing to lend to Mexico.

Perhaps the greatest erosion of the peso has been caused by the inflation that struck Mexico in 1973 and has only been partially controlled since then. The inflation rate reached 22 per cent in 1973, 25 per cent. in 1974 and 16 per cent. last year—all rates well above those of the U.S., with which Mexico carries out 60 per cent. of its trade.

In the manufacturing industries, which now account for 42 per cent. of Mexican exports, production costs have soared. Wages have kept up with inflation, and the price of raw materials and other inputs has risen sharply. The recent strengthening of the dollar has taken the peso higher against other currencies and has inflated the price of Mexican goods in western Europe and Japan. In the tourist industry inflation has brought it about that Mexico no longer offers a cheap holiday to Americans.

At a recent Press conference the Finance Minister, Sr. Mario Ramon Beteta, conceded that some countries had successfully used devaluation to improve their external payments, but he insisted that Mexico lacked the economic strength to increase its exports dramatically or reduce its imports of capital goods. The payments deficit, he said, merely a growing pain and no cause for alarm. After a[ll, he] went on, unlike many coun[tries,] Mexico was self-sufficien[t in] energy and would this year [be] exporting refined petroleum [pro]ducts in place of crude oil. [...] a further cause for optimism, the country's trade deficit dropped by 24.2 per cent. d[uring] the first two months of this [year,] he said — without adding [that] Mexico's imports traditio[nally] fall during the first quarter [of the] year.

Maybe Mexico is not gear[ed to] benefit from a devaluation a[t the] moment, but it seems di[fficult] to see how Sr. Lopez Portillo [can] inherit a foreign debt of less [than] $20bn. Already foreign [com]panies are converting [their] liquid assets into dollars [and] trying to finance their cu[rrent] operations with peso rather [than] dollar loans.

Pressure on the Governme[nt to] devalue from foreign banks [and] the International Monetary [Fund] is not yet significant, but Lopez Portillo will have [to] decide on taking office—if he [has] not decided already—whethe[r to] assume the risks involved [in] trying to sustain the peso. [If he] devalues, say, after Christ[mas] this year or early in 1977, he [can] implicitly lay the blame on Echeverria, if he holds [the] current parity but is forced [to] devalue a year later, he will [be] held responsible himself.

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OVERSEAS NEWS

Beirut battles go on despite ceasefire bid

BY MICHAEL TINGAY — BEIRUT, May 3.

AS LEBANON entered the second week of searching for a successor to President Suleiman Franjieh, another night of heavy shelling followed the announcement late yesterday that the left-wing Moslem alliance would prolong the "ceasefire" which officially expired at the end of April.

But as a day of sporadic shelling and sniping continued, the irrelevance of ceasefires proclaimed by political leaders was underlined. Battles continued in the port area where left-wing forces continued to hold a nine-storey bank building captured from right-wing Christian Phalangists over the week-end.

Observers in the battle zone over the week-end and to-day concluded that whatever the desires or statements of Mr. Kamel Jumblatt, leader of the Left-wing alliance, the fighting was likely to continue in the port and commercial sector of Beirut.

Left-wing militia sources confirmed that the Left is now too close to their immediate strategic objective, the tall Fattal building at the port, to abandon the momentum or days of difficult combat on a deeper understanding of his objective.

As fighting continued, so too did the swirling political movements of Lebanese leaders. Mr. Kemal Jumblatt, who had given his conditional support to the candidacy of Mr. Raymond Edde, national bloc leader, hinted that he might change his policy. He emphasised in an interview with the Financial Times that "support for Edde is conditional attitude to constitutional reforms. We shall see."

Reliable sources close to the "Progressive" Moslem alliance believe that support for third candidate as an alternative to Mr. Edde and Mr. Elias Sarkis, the Syrian favoured Governor of the Central Bank, wavered between Mr. Michel el Khourv, son of independent Lebanon's first President and Mr. Manuel Younis, a prominent businessman.

Mrs. Gandhi to Moscow

MOSCOW, May 3.

INDIAN Prime Minister Mrs. Indira Gandhi is to make a long-expected official visit to the Soviet Union during the first week in June, diplomatic sources said to-day.

News of the visit came just three weeks after the surprise announcement from New Delhi that India and China agreed to exchange ambassadors. There has been no comment in Moscow on the new link with Peking, but Western analysts said they expected Soviet officials would discuss the subject with Mrs. Gandhi. The Soviet Union has close political, economic and military ties with India, including a Treaty of Friendship and Co-operation signed in 1971. The two countries recently signed a new 10-year trade agreement.
UPI

Saigon Press to go

Government officials have told foreign journalists in Saigon that they must cease their activities by Friday. The officials told Reuters that any news agency wishing to open a bureau in Hanoi should apply to the foreign ministry there. The Vietnamese people voted last week to elect a single-party national assembly—with 249 members from North Vietnam and 248 from South Vietnam—which will have the task of unifying the country. Hanoi is expected to be the capital of the new united Vietnam.

N.S. Wales poll

It is now likely to be at least Thursday before the outcome is known of the state elections in New South Wales, held on Saturday. Defeat of the Liberal-Country Party coalition which has held office in NSW for 11 years still appears the most likely result, Ken Randall reports from Canberra. The Labor party leader, Mr. Neville Wran, PC, said to-day that his chances of becoming premier in place of Sir Eric Willis were "50-50."

Indian reflation plea

The Federation of Indian Chambers of Commerce and Industry has made a strong plea to the Government to ease substantially the monetary, fiscal and administrative measures and to cut the bank rate and the lending rates of banks which, it said, would help quick growth of the economy, our New Delhi correspondent reports. The federation maintained that continuance of anti-inflationary brakes would hold up the economy's revival.

Scepticism over Sir Harold as the man to mediate in Rhodesia

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE suggestion that Sir Harold Wilson might mediate between Mr. Ian Smith and Rhodesia's Black nationalists was greeted last night with extreme scepticism from almost all sides.

The suggestion was attributed to Dr. Henry Kissinger, the U.S. Secretary of State who is in Nairobi. Dr. Kissinger believes that Sir Harold could prove an acceptable mediator to both sides in the constitutional dispute.

According to Government sources in Salisbury, the suggestion was "the joke of the year." The sources said that ideological differences between Sir Harold and the White minority Government were too wide to be ignored and in the light of the breakdown of the Smith-Nkomo talks and the recent appointment of Africans to the Rhodesian Cabinet, questioned whether there was anything to mediate.

There were similarly sceptical reactions in Whitehall and Westminster last night. A Foreign Office spokesman drew attention to the Government's position repeated only last week by the new Foreign Secretary, Mr. Anthony Crosland.

This was that there could not be further British initiative nor any hope of negotiations until the Smith Government accepts majority rule.

Only after that could there be talks designed to lead to majority rule within 18 months to two years.

Some observers have suggested that the Kissinger proposal—if such it is—shows that despite his major speech last week—in which he backed the U.K. position on Rhodesia—the U.S. Secretary may still not have grasped the essentials of the Rhodesian situation.

A more charitable explanation, however, is that the suggestion came in response to a question from a reporter—either to an official or to Dr. Kissinger direct—and that in order not to appear churlish towards the former British Prime Minister, the possibility of Sir Harold's mediation was welcomed.

● The Governor of the Bank of Zambia, Mr. Bitwell Kuwani, has been arrested by police in Lusaka. According to reports from the Zambian capital, Mr. Kuwani, together with his wife, were arrested on Saturday morning.

The arrests, which have aroused considerable surprise and concern in Lusaka and abroad, were confirmed at the week-end by Mr. Aaron Milner, Minister of Home Affairs. However, no reasons for the arrests have been given.

GDP rises by 7.7% but is outpaced by inflation

BY TONY HAWKINS — SALISBURY, May 3.

REFLECTING the impact of the world recession, Rhodesia's real domestic product (after adjustment for inflation) fell 1.5 per cent. last year—the first such fall since UDI in 1965.

The Rhodesian Government's economic survey published to-morrow shows that in money terms, GDP rose 7.7 per cent. last year but this was outpuaced by the rate of inflation. The decline in national product reflects the slowdown in growth in the three main productive sectors—manufacturing, mining and agriculture—whose output rose 4 per cent. last year as against 34 per cent. the previous year.

The current account of the balance of payments deteriorated with the deficit reaching a record of post-sanctions RH$128m. (£111m.) compared with RH$96m. the previous year. This resulted from a small adverse shift in the terms of trade, a decline in the trade surplus to RH$33m. from RH$51m. in 1974, and a further rise in the deficit on invisibles.

However, the net capital inflow exceeded RH$101m. so that the deficit on both current and capital accounts at RH$26.6m. was lower than the 33m. experienced in 1974.

The economic survey is mildly optimistic about the prospects for the current year, saying that there should be above-average crops due to late summer rains while prices of most agricultural products have firmed. It expects mining to be a "strong feature" with increased volume of output and higher prices for minerals, while manufacturing output which fell in volume by 1.4 per cent. last year should do better in 1976. It expects a continuing decline in building and construction and warns that because of budgetary considerations, public sector spending will be limited to projects of "the highest priority."

Neto confiscates Portuguese property

BY JANE BERGEROL — LUANDA, May 3.

THE Angola MPLA Government has passed a new law confiscating the economic interests abandoned by Portuguese settlers in the country. The law is known to affect 11 companies, principally the Textang Textile group and the Cuca brewery and farming group.

At a May Day rally, President Agostinho Neto said: "We are taking these abandoned economic interests of the Portuguese colonialists into our own hands." But official sources said the confiscation law does not affect Portuguese state owned assets in Angola—by far the greatest part of Portuguese interests here following Lisbon's March 1975 nationalisations—nor, the sources said would privately owned foreign non-Portuguese assets be affected.

At the May Day rally President Neto also spoke out in favour of developing relations with the West. "We want to develop relations with the Socialist countries," he said, "but also with capitalist countries not hostile to us and wanting to establish relations at diplomatic or commercial level."

This may mean the Peoples Republic is now ready to take the block EEC recognition of Angola a stage further towards formal diplomatic or commercial links. France and Italy already have semi-official representation in Luanda, as does Belgium. Only Portugal and Brazil have formal diplomatic relations.

Meanwhile the president has also promulgated a "peoples revolutionary tribunal" law under which a tribunal of five judges and presiding judge, based in Luanda but with jurisdiction over the whole country, will try "crimes against the Angolan people, against their unity," and territorial integrity. It is also competent to try "war crimes and crimes against humanity," while the main purpose of the revolutionary tribunal is thought to be trial of FNLA and Unita prisoners

Stewart Dalby reports on Black pay in South Africa

Still a closed book

THE ISSUE of wages and conditions for Black workers in South Africa is delicate and controversial. Anyone trying to discover whether in fact companies are paying Black workers above the poverty line, or are negotiating with Black unions, is likely to be thought a muckraker, or worse.

Last week, the Christian Concern for Southern Africa (CCSA) published a report on the performance of British companies with subsidiaries in South Africa. They found that they received full answers from only 26 of the 141 companies contacted and suggested that a "substantial" number were still paying below the poverty datum line (PDL), the base criterion for a minimum income of a Black family of five in an urban area. Nearly half the companies were paying below the minimum effective level (MEL) recommended by the Government.

Reluctant

In a much more restricted survey—I contacted 22 companies in all—I found that very few were willing to divulge detailed information about what they are doing to alleviate the lot of their African employees. Most of the companies I spoke to appeared to be paying at or around the PDL, although the wage increases that have been achieved do not always appear to have been through deliberate acts of policy by the companies. In the critical area of trade union recognition, which Blacks themselves regard as one of the main issues involved in working conditions, only one British company, as far as can be established, has fully entered into an agreement with a Black trade union.

Moreover, since the furore about wages and conditions of Blacks first broke in Britain in 1973, comparatively few companies have reported back about their activities. But the companies claim that the failure to report is not entirely their fault, but is rather due to anomalies between British and South African law.

Around 40 companies have so far submitted detailed reports out of something like 300 which are more than 50 per cent. British-owned, and therefore eligible. It does not suggest an overwhelming desire to divulge information.

The basic conclusion from the information gleaned however, is that the majority of British companies are paying wages around or above the PDL, one of the basic yardsticks used by the Select Parliamentary Committee, although there are some glaring exceptions to this generalisation—notably the plantation companies, as the CCSA report suggested.

The point, however, is that even where wages have risen, they have not often done so because British concerns were shocked into action by the Select Parliamentary Committee's report, or even as an act of deliberate policy by individual companies.

Take the case of mining companies. There are no Black unions in the mines. The White unions are strong and bigoted, and the structure of the labour system, which involves Black migrants living in compounds away from their families, militates against unions coalescing. Yet since the middle of 1974 there have been three wage rises decided upon by the Chamber of Mines, which have hoisted effective wages to about level with the PDL for a mining compound, which is R100 a month.

Mining wages have gone up, according to economists, principally because of economic forces, in particular the withdrawal of some foreign, especially Malawian, labour.

What the increases mean in terms of British companies is that Gold Fields South Africa, the 49½ per cent.-owned subsidiary of Consolidated Goldfields, is now paying around the PDL. It is reckoned to be the largest single employer of Black labour among British subsidiaries, yet in the Select Parliamentary Committee it emerged among the most reluctant to give information.

Mrs. Jane Thlongwane, the general secretary of the (unregistered and therefore unofficial) Engineering and Allied Workers' Union, says that since 1974, in the industries she deals with under the relevant industrial council, there have been three wage increases, bringing the hourly rate up from 32 cents to 45 cents an hour. Again this takes the monthly wage to over R119 a month, which is the PDL for Johannesburg or Soweto. It means that British companies like Dorman Long, Raleigh, GEC, African Cables and Stewart and Lloyd's, with whom the 9,000-strong union deals, are paying above the PDL.

But Mrs. Thlongwane says: "These increases have come about because of the wide-scale strikes in 1973, and not because the companies have wanted to do anything. They negotiate with the White unions on our behalf under the Industrial Conciliation Act."

British companies thus appear to have been happy to let wages drift up, and in some notable cases like Barclays Bank have actually pushed them up, but they do not seem to concern themselves with the improvement of conditions which union recognition would probably bring about. This pre-occupation with wages rather than with wages and conditions is, according to virtually all the Black trade unionists I have spoken to, the heart of the Black industrial workers' problem.

The way Blacks are represented at the moment is through works committees, and sometimes through liaison committees with management. Every Black trade unionist I spoke to dismisses these as virtually useless as collective bargaining tools.

Despite the emphasis the unions themselves place on recognition and despite continual pressure, as far as can be established, only one British company, Smith and Nephew, has entered into an agreement with a wholly Black union. A handful of other foreign concerns have also signed agreements. Some Black unions have been allowed to sit in on informal meetings with joint White-Coloured Unions, but this is as far as they have got.

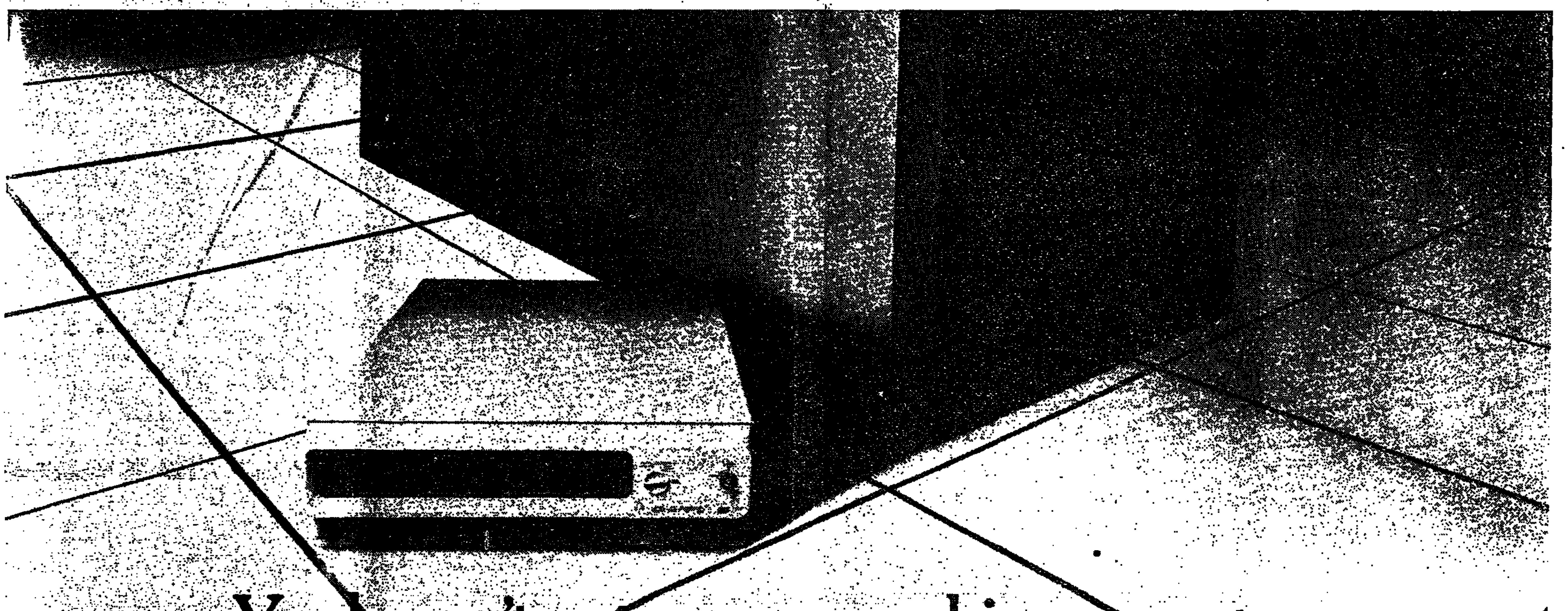
Agreement

However, at Smith and Nephew the Black National Union of Textile Workers is a co-signatory, with the White and Coloured union the Textile Workers' Industrial Union of South Africa, to an agreement with management which sets wages scales over specific time periods, and also spells out workers' conditions and rights. The deal gives a basic starting wage claimed to be almost twice that of a South African concern over the way.

Asked why Smith and Nephew had entered an agreement, a spokesman said: "We are an enlightened company, I suppose."

Further asked why he thought other British companies had not recognised African unions, he said: "Well you must remember many of them are actually run by South Africans, who are conservative and are not encouraged to recognise by the Government here. They are also frightened that the unions may be used to develop political power."

Be that as it may, it is three years since the furore first broke over British subsidiaries, and this is the only company to enter an agreement with a fully black union. The argument has been that while South African companies may not be keen to do anything about their Blacks, British subsidiaries have parents under more pressure to do so. This does really appear to be the case.



EUROPEAN NEWS

Moro picks June 21-22 for poll, as seat distribution favours Left

BY ANTHONY ROBINSON

ROME, May 3.

THE CARETAKER Government of Sig. Aldo Moro to-day chose Sunday, June 20 and Monday, June 21 as the dates for the general elections, and also decided that both the Sicilian regional election and the city elections in Rome, Genoa, Bari and Foggia, should take place on the same day. *For administrative reasons the communal elections will be postponed in several villages with less than 5,000 inhabitants.*

The polls will close at 2 p.m. on Monday, June 21, and the first results should be available in the early evening.

The Government has set aside L70bn. as an addition to the budget provisions to finance the administrative costs of the elections.

Two significant changes will distinguish this election from preceding general elections. In the first place the distribution of seats in the 32 electoral colleges into which the country is divided under Italy's proportional representation system will be significantly different. The 1972 general election was fought on a seat distribution based on the 1961 census. This election will be fought on the basis of the 1971 census. The 1960s showed considerable population movements from the country areas, the south, and various other depressed areas to the cities and the north of the country.

This is reflected in the seat redistribution pattern, which increases the political weight of the cities and urban areas at the expense of the countryside and the south. In political terms this *can be expected to increase the* political chances of the Left-wing parties, who are strongest in precisely these areas. The Turin college, for example, has its seats raised from 33 to 36, the Milan college goes up from 46 to 52 seats, Rome from 47 to 53, and so on.

The second novelty is the fact that 18-year-olds will vote in the general election for the first time. The youth vote, which expressed itself for the first time at last year's regional elections, is credited with being a major factor in the unprecedented Left-wing advance at the regional elections. Political analysts estimate that well over 60 per cent. of the more than 3m. new voters opted for the Left-wing parties last June.

It should be pointed out, however, that for the Senate elections the vote is restricted to *electors over 25 years old. This* raises the very real possibility that the elections will produce a more left-wing Lower House than Senate. This could conceivably allow the Senate to hold back or tone down legislation approved by a more left-wing Lower House.

But another new factor is also expected to play a part in shaping the electoral pattern. At the last general election in May, 1972 the Christian Democrat party is estimated to have received some 60 per cent. of its support from female voters. But the divorce referendum of May, 1974, the abortion reform campaign, *and the growth of militant* feminist movements, indicates that women's political attitudes have been radicalised considerably over the four years since the last election. This factor could have a considerable effect *on the eventual poll outcome.*

German printers return to work

By Adrian Dicks

BONN, May 3.

WEST GERMAN printers were due to return to work this evening in time for morning newspapers to resume publication to-morrow. Their union, IG-Druck Und Papier, decided this morning to suspend temporarily the wage strike that it reckons has cost the industry at least DM100m. (£21.4m.) since last Wednesday.

Following contacts between the union leadership and the employers' federation late last night, the publishers called off the nation-wide lockout they had imposed in response to the strike. This met the union's precondition for suspending the strike itself, and at the same time cleared the way for negotiations between the two sides to resume to-morrow in Mainz. As a result of the ending of the lock-out, some smaller regional titles managed to reappear this morning.

It was not clear to-day how far either IG-Druck or the publishers will now be willing to compromise when the wage negotiations resume to-morrow.

Nine Ministers give way to Arab demand on economic talks

BY ROBIN REEVES

BRUSSELS, May 3.

FOREIGN MINISTERS of the Nine to-day gave grudging approval to a political dimension in the forthcoming negotiations with Arab League countries aimed at establishing a special economic trade relationship between the Community and the Arab world.

But in bowing to this long-standing Arab demand, EEC Ministers were adamant that the talks should not deteriorate into a forum for airing the Middle East conflicts in general and the Palestine problem in particular.

The Euro-Arab dialogue, as it is known, was one of the Community's responses to the shock of the 1973 oil embargo. After a long gestation period, even by Community standards, preparatory discussions have now reached the stage where negotiations in earnest on the content and scope of a new contractual relationship between the EEC and the Arab world can get under way. The two sides are due to meet later this month at ambassadorial level in Luxembourg.

To-day, the Common Market Foreign Ministers put the finishing touches to the EEC's position for these talks, and the Community's opening statement will now include a political declaration *situated, as one official puts* it, within the framework of the EEC's controversial Middle East declaration of November, 1973—*in the immediate aftermath of* the Yom Kippur War

Among other things, this estab*lished the joint Community view* that any Middle East peace settlements had to be based on the return to 1967 borders, on the right of all States in the area to secure a recognised border, and take account of the legitimate rights of the Palestinians.

But in accepting the inevitability of a political dimension to the talks—on the grounds that it is, after all, a dialogue in which both sides are free to raise any issue they wish—Ministers were nevertheless at pains to stress that any Community response to Arab political demands would be judged very much on a case-by-case basis.

One particular issue which seems certain to rear its head is the question of Palestinian *representation.* Over the past year, the Euro-Arab discussions at official level have proceeded on the basis that there are two delegations only, one European and one Arab, thus avoiding Community recognition of any *Palestinian Liberation Organisation* in the Arab delegation. However, the large diplomatic strides made by the PLO towards recognition within the UN and other international bodies makes it difficult for the Community to *maintain the present compromise* formula indefinitely.

That said, EEC will be anxious to maintain the present position, not least because a move towards PLO recognition could expose the Community's own *divisions between those who sup*port a pro-Israel stance: notably W. Germany, the Netherlands and Denmark and the more pro-Arab line pursued by France.

Ministers also discussed the EEC's joint approach to the *forthcoming* Unctad conference in Nairobi. This revealed continued disagreement among the Nine on a common approach to commodity agreements, the transfer of technology, and debt re-scheduling.

Dissension reports in Soviet Georgia

MOSCOW, May 3.

SOVIET GEORGIA has been hit by a wave of bombings and arson incidents that injured at least two persons and caused millions of roubles in damage, according to dissident sources.

Officials blame disgruntled businessmen and other individuals caught out in a recent drive against corruption and economic crimes in the sunny southern Republic.

But the sources suggested the attacks may have been the work of nationalists who oppose Government attempts to eliminate many of the region's traditions and customs in order to bring Georgian society more into line with that in the rest of the Soviet Union.

No arrests have been reported. Zaraya Vostoka, the regional Communist Party Newspaper, in an edition that reached Moscow on Saturday, quoted Party officials as saying it was time "to put an end to these attempts to poison the healthy and businesslike atmosphere," indicating that the culprits still were free.

The acts of terrorism—which are highly unusual in the Soviet Union because of the huge police security network—have been going on for about two years, the sources said. Western correspondents who visited Tbilisi, the Georgian capital, confirmed the reports.

The most recent incident occurred at 6 p.m. on April 12 when a bomb exploded at the Council of Ministers building on Tbilisi's main street. The blast blew out windows there and in a neighbouring building, but caused no severe damage.

Georgian television carried a report on the attack, saying there had been no injuries and police were looking for the bombers.

Fires set by arsonists also damaged or destroyed a number of buildings in Tbilisi including a new Opera House, a large toy store, two film studios, a laboratory at the local technical college and another at an agricultural research station, a sports complex, a service station and a building at the central market, the sources said.

But local residents say there is also considerable resentment among Georgians over Government attempts to stamp out many regional customs and play down traditional culture in order to "Russify" society there.

For instance, last year the Republic's Communist leadership issued a 3,000-word edict entitled "on measures to intensify the struggle against harmful traditions and customs" in which it denounced such practices as expensive wedding feasts and huge funerals.

The sources said this resentment may be behind the wave *of attacks.*

UPI

Spanish reforms to continue

MADRID, May 3.

WITH A *crucial May Day test* behind it, the Government of King Juan Carlos on Monday pushed ahead with promised political reforms.

Fears that May Day might result in massive street unrest *fomented by Left-wing extremist* groups failed to materialise. The Government had banned all public protest and moved thousands of heavily-armed riot police and paramilitary civil guards into the streets.

Throughout Spain, demonstrations were quelled and hundreds of Left-wing protesters arrested. But there was no bloodshed.

The anticipated unrest created an atmosphere of tension not conducive to negotiation between the Government and the Opposition. Now, with May Day safely past, Government sources said all energies could be centred on reform and on seeking a national consensus.

An indication of the suddenly improved mood was a front page *comment on Sunday in the* Government newspaper Arriba.

"God willing," Arriba said, "May Day next year will not be marked by a message from the Minister of Trade Union Relations (the Government office running *the enforced labour unions*), but from the President of a Confederation of all Spanish labour groups."

Agencies

New loan ceilings in France

BY RUPERT CORNWELL

PARIS, May 3.

THE Finance Ministry has announced a small but significant tightening of its credit policy, in response to the mounting risk of a fresh upsurge in inflation.

According to provisional figures released to-day by the National Statistics Institute (INSEE) retail prices rose in March by 1 per cent. This brings the increase *over* the first quarter of 1976 to almost 3 per cent. and carries the year-on rise back above the 10 per cent. mark.

The data is based on returns for the Paris area alone as figures from the provinces are still being held up by a strike in the Institute's computer division. The final result *will not be very* different.

In part the March jump is due to an abrupt increase in gas and electricity tariffs. However, the underlying rate of inflation, especially in the foods sector, is *undoubtedly quickening and* matters will not be helped by the rise in petrol prices which is expected shortly.

The bank lending ceilings just fixed by the Ministry for the second half of 1976 represent a *slight stiffening from the rules* now in force. Given the slackness of demand for funds from industry, their immediate impact will be slight, but should the economy keep up its present rate of expansion, and investment *spending pick up, some banks* may well find it hard to keep within the limits.

The volume of credit extended by larger banks will be limited to 117 at the end of this year (measured against a base of 100 at the end of 1974). The maximum was set at 108 for last December 31, and 113 for the end of next month.

If allowance is made for the 20 per cent. of loans which escape the regulation, the authorised *increase should* just about *suffice* to bring down the growth of the money supply to 13 or 14 per cent. *later this year* from to-day's 18 per cent. felt by officials to be excessively inflationary.

● Production of steel in France is to increase by 25.9 per cent. to 34m. tons annually by 1980, compared with 27m. tons in 1974, according to objectives set for the seventh French five-year economic plan.

Industry sources indicate, however, that this target cannot be achieved unless steel firms have sufficient financial capabilities, which could come about by the revaluation of balance sheets, improving profit margins or by an inflow of capital.

AP-DJ

Finnish dock strike ends

THE MONTH-LONG strike of Finnish dock workers ended early yesterday morning. But it will be some days before the harbours can get back to normal working, Lance Keyworth reports from Helsinki. The end of the strike saves the jobs of 15,000 workers in the timber industry who would have been laid off this week had the strike continued. In a members' ballot last week, *the 4,000 stevedores rejected by* an overwhelming 80 per cent. of the poll the third arbitration proposal that had been put to *them.*

The Prime Minister and the Central Confederation of Fin*nish Trades Unions then* appealed for a return to work. It is still possible that the hard core Communists in the important southern harbours of Kotka and Hamina will continue to apply disruptive tactics for some days, but most of the other important ports should soon be working normally.

The work-to-rule decision of the Finnair pilots has also been rescinded and Finnair flights will be back to normal this week.

Lip succumbs

Lip, the famous French watch-making firm which provoked a political storm in 1973 when its workers occupied their factory and continued production and sales after it was declared bankrupt for the first time, finally succumbed to-day—at least as a *legal entity*, reports Robert Mauthner from Paris.

The Paris Commercial Tribunal has ordered that it should go into liquidation

Crisis may be weathered by chemicals

By Our Own Correspondent

HANOVER, May 3.

AFTER ***experiencing*** **the worst crisis of the past 25 years in 1975, the Federal German chemical industry is now on its way back to normal conditions. This was stated at a reception here of the German** ***Association of Chemical*** **Industry by the body's president, Professor Dr. Rolf Sammet, chairman of Hoechst AG.**

Turnover rose by an estimated 18 per cent. for the first quarter of 1976 over the ***corresponding period of last*** **year, and a 10 per cent. sales increase is considered realistic for this year as a whole, said Dr. Sammet.**

In spite of this, the industry would not be able to compen***sate fully for setbacks incurred*** **last year, when turnover fell off 10.7 per cent. to DM74.5bn. (83.5bn.) and profits by more than 40 per cent. Last year yield on turnover had sunk to the "extremely low"** ***level of about 2 per cent.***

Dr. Sammet claimed that, although demand for fibres had improved, together with that for plastics, continuously since last autumn, even a full use of all fibre capacities in Germany ***would*** **not at present result in anything like an acceptable profitability rate. With sales prices which were still unsatisfactory, he said, the industry was exposed to pressure from costs which had reached and passed tolerable limits.**

Problems of Community elections still unsolved

BY DAVID CURRY

BRUSSELS, May 3.

THE DISCUSSION on direct elections made no progress at the Foreign Ministers' Council to-night. The French stuck by their *formula to keep the same number* of seats (198) for the directly-elected Parliament as for the present nominated body. While seven of the nine EEC members were apparently willing to accept this solution as at least ensuring that direct elections would take place as planned in the spring of 1978, both Italy and Britain repeated their familiar reservations.

In Britain's case the problem *is primarily the need to secure* adequate representation for Scotland in comparison with that for small independent countries like Denmark. Britain is also unlikely to be able to give a definite view until the Commons Select Committee *examining the direct* elections issue reports.

The major problem for Italy has always been to find room in the proposals for representation for the multiplicity of small parties in the Italian Parliament.

Although Mr. Gaston Thorn, the Luxembourg Premier, hopes to get a more protracted discussion of the direct elections issue at an informal Foreign Ministers meeting at the end of next week in Luxembourg, it is beginning to look as if firm action may have to wait until the end of the year when the Community electoral season will have closed.

Apart from Italy, where the results could well not be decisive, Germany has national elections in autumn and Belgium has important municipal elections. The first occasion when the Community may be able to take a more settled look at its affairs could, therefore, be the *December Heads of Government* meeting in the Hague.

SWITZERLAND AS AN ARMS MARKET

A particular customer

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, RECENTLY IN BERNE

HOPES OF a closer association between Britain and Switzerland in the field of defence procurement appear to have been strengthened as a result of the visit last week to the Swiss armed *forces* by Field Marshal Sir Michael Carver, British Chief of the Defence Staff. It was the first official visit to Switzerland of a British Chief of Staff in office, and the impact on the Swiss defence establishment seems likely to be long-lasting, despite a marked difference in defence philosophies between the two countries.

The Swiss armed forces are moving into a period when much of their armament—such as tanks and anti-tank weapons—will need to be replaced or modernised to keep pace with technological developments elsewhere, providing some useful openings for British armaments manufacturers.

Out of the annual Swiss defence budget of some £700m., over £200m. is spent on research, development and procurement. Of this, about 80 per cent. is spent in Switzerland itself, the rest going abroad, mainly for the heavier items of equipment such *as tactical aircraft.* Last year, Britain was the biggest single foreign defence supplier to Switzerland, a position it is likely to lose as a result of the recent Swiss order for 72 Northrop F-5E Tiger II light tactical combat aircraft.

Nevertheless, the opportunities are there, and are likely to exist for some time to come. While remaining determinedly neutral, Switzerland none the less has for long recognised the need for a substantial defence base, dedicated to ensuring that any assault upon it would prove expensive, painful, and time-consuming.

In the present European situation, Switzerland can see no convincing argument for changing this view, so that its present defence efforts seem likely to be maintained in the foreseeable future. Its posture is not based upon any notions of a possible victory over an aggressor, but rather on the principle of denying an enemy as much terrain as *possible*, and delaying any eventual overrun as long as possible.

As a result, the emphasis is on the tactical as opposed to the strategic. Switzerland has no nuclear weapons, and does not *plan to develop* them. It has no strategic bombers, and does not want them. But it is strong in tanks (about 800), in tactical aircraft (over 300) and in infantry (with a reserve available for mobilisation of some 650,000 *trained men out of a population* of 6.5m.).

Switzerland's civilian soldiers on exercise keep up with events at home through an Army newspaper.

The Swiss armed forces are based on the national service militia system, whereby a young man of 19-20 is called up for 17 weeks mandatory basic training, and thereafter is obliged to *return to the armed forces* annually for periods of "refresher training," varying in length and regularity according to his age, rank and specialisation. The result is that on average there are some 30,000 "recruits" under basic training at any one time, while each year anything up to 400,000 men will be performing some kind of military service. Rapid mobilisation is the keynote of the system, and various units that I saw last week practising mountain warfare, house-to-house guerilla fighting and tank gunnery, had all been "mobilised" the previous week-end, for their annual period of refresher training.

The troops all keep their small arms, ammunition, uniforms, and some other basic equipment at home, and can be mobilised and deployed to fight within hours rather than days.

The emphasis on tactical defence extends into some unusual areas. There are, for example, about 2,000 permanent devices for destroying communications throughout the country as part of the policy of denying territory to an aggressor. Many underground shelters have been and still are being built and *stocked with food, fuel and* other supplies for the civilian population in the event of nuclear attack, and for the use of the forces. Even combat aircraft are kept in such "hangars." The motorways have frequent *stretches that can be turned into* landing strips, a device also adopted in Sweden.

The tactical emphasis is also reflected in the equipment requirements. The most pressing needs include a new anti-tank weapon, both for use by the industry in the field and by tactical aircraft, with particular interest being shown in the possible use of helicopters as gunships. Another requirement is for a new missile defence against low-level aircraft attacks, and here both the British Aircraft Corporation's Rapier and the Franco-German Roland have been studied.

In combat aircraft the long search for a new type to replace the ageing 165 British Venoms appears to have been ended with the recent order for the Northrop Tiger, but it is clear that at some time in the next two to three years another decision will have to be taken for the replacement through the early 1980s of the 105 Hunters and 50 Mirage IIIs.

Many observers still feel that the Hawker Harrier jump-jet can play a role here, especially if the second generation aircraft (the AV8B or AV16) is developed either in Britain or the U.S. This argument is based on the fact that in any attack the existing conventional airfields, including those on the highways would be quickly put out of action by pre-emptive strikes. This would be disastrous for conventional aircraft, but not for the Harrier with its unique vertical take-off capability. It is possible in the Swiss defence establishment to hear strong cases being made both for and against the Harrier, and it seems probable that the last has not yet been heard of this particular procurement problem.

So far as helicopters are concerned, any *possible* use of airborne anti-tank weapons would need a larger helicopter than the *existing* 80 Alouette IIs and IIIs in service, and the Westland Lynx was mentioned to me as one aircraft worth further study.

Where armour is concerned, the Swiss have two procurement decisions to take. One is for the *full-scale* production of a new Swiss-designed main battle tank for the 1980s to replace the existing PZ 61s built in the early to mid-1960s, and the PZ-68s introduced in the late 1960s. The second is a decision to *modernise* the *much older 300* British-built Centurions, by installing new engines and improved armaments. What does seem clear is that the Swiss are not interested in the Chieftain which is too heavy and too expensive for their needs.

In all these areas, there are clearly opportunities. The Swiss are careful in their decision-taking, however, because with a small budget they cannot afford to make mistakes, and want maximum value for *money. Also,* the competition is among the toughest in the world, with the Swedes, French, West Germans and Americans all on the doorstep. But the Swiss at least are starting early. With most of *their new weapons requirements* scheduled for service in the early to mid-1980s, they are giving themselves adequate time for evaluation of whatever they are offered, and although the decision-making process may be slow, it could *nonetheless* be lucrative for some foreign suppliers in the long run.

Dublin may find fugitives Bill unconstitutional

BY GILES MERRITT

DUBLIN, May 3.

THERE are growing indications in Dublin that the Irish Supreme Court's examination of the "fugitive offenders" Bill—aimed at stopping IRA terrorists in Ulster from using the Republic as a safe haven — may soon end in a ruling that sections of it are unconstitutional.

Judgment on its constitutionality was expected, according to official sources, last Friday. But it appears that it is not the open-and-shut Supreme Court case that the Government had expected.

A ruling is now expected this week and lawyers representing the Fianna Fail opposition party's contention that the Criminal Law (Jurisdiction) Bill is unconstitutional are reported to be "quietly confident" that the five-man Supreme Court will find that at least one section of the Bill contravenes the Republic's Constitution, most probably that which provides for witnesses to be taken across the border into Northern Ireland.

Even if only one section is rejected, the entire Bill will be invalidated. The Irish Government would then be forced to draft a revised version and re-introduce it in the Dail and Senate. Instead of becoming law early this month, as had been expected, the Bill would probably not reach the Irish statute book for another 12 months.

The Bill is intended to make up for the lack of an extradition treaty between the Republic and the U.K. and is twinned with similar British legislation passed by Westminster last August. The British law cannot, however, come into force until the Irish portion is passed.

Then, in theory, terrorists could be tried in the South for offences committed in Ulster and mainland Britain, and vice versa.

Our Belfast correspondent reports that troops based in a Republican area of East Belfast are expected shortly to be withdrawn to their barracks, six miles outside the city, and to be partially replaced by military police.

Until now, the army has maintained a presence at about company strength in Ballymacarratt—a strongly Roman Catholic pocket in the predominantly Protestant eastern part of the city—but, in recent months, terrorist activity has been minimal.

Under a redeployment of army units in Belfast, the permanent presence is expected to end and the responsibility for law and order will switch to the Royal Ulster Constabulary, backed by the military police.

The latest pullback is expected to produce more speculation about the future roles of both the army and the RUC.

Eighth Army men say last farewell to Montgomery

The Eighth Army said an emotional farewell to Field Marshal Viscount Montgomery at St. Paul's yesterday. Hundreds of men who served under Monty in the North African campaign gathered for a memorial service organised by his family. Among those present was his son, the new Viscount Montgomery, seen above. The Very Rev. Martin Sullivan, Dean of St. Paul's, a chaplain in North Africa during the desert war, said in his address that Field Marshal Montgomery must have been a difficult man. "To a lesser degree dogmatic, self-opinionated, conceited, he had great faults because he had great gifts. He was a general, not a corporal."

Tories plan new attack on Scots Assembly

By Chris Baur. Scottish Correspondent

OPPONENTS of devolution in the Conservative Party are planning a new offensive against the proposed Scottish Assembly when they launch a "Keep Britain United" group on Sunday.

The man organising the group is the Tory MP for South Aberdeen, Mr. Iain Sproat. He will be supported by the MP for Glasgow Cathcart, Mr. Teddy Taylor.

Mr. Sproat hopes that the new group will become the focus for all those in industry, commerce and the trade unions who dissent from the Government's policy of creating a directly elected legislative body for Scotland.

He also hopes that—like the "Scotland in Europe" group, which campaigned in favour of EEC membership in last year's referendum—the new group will become an all-party affair, attracting the support of Labour Party activists and MPs who are equaly opposed to the Scottish Assembly.

There is already one Labour Party organisation dedicated to the same objective—the "Scrap the Assembly" committee, headed by the former Glasgow Maryhill MP, Mr. William Hannan.

BSC faces charges after steelworks disaster report

BY KEVIN DONE, INDUSTRIAL STAFF

THE British Steel Corporation is facing two charges after investigations by the Health and Safety Executive into the explosion at the Appleby-Frodingham steel works, near Scunthorpe, last November, in which 11 men died.

A report last week by the executive laid the blame for the disaster on the BSC management. It made it clear that it considered that the BSC had failed to implement the declared safety policy of the Corporation.

BSC was blamed for "deficiencies in plant design, maintenance and personal protection for employees." Mr. Bob Scholey, its chief executive, said last week that the management accepted the executive's report and would "shoulder absolute responsibility" for it.

The charges allege two contraventions of the Health and Safety at Work Act, 1974. The maximum penalty on conviction is a £400 fine on each charge.

The first charge states that BSC failed to ensure the safety of three employees by not providing protective clothing for them.

The three men, Mr. Jack Williamson, Mr. Leslie Taylor and Mr. Charles Jenney, were working at the Queen Victoria Blast Furnace on the night of the explosion. All three were admitted to hospital with burn injuries.

The second charge alleges that the safety at work of two employees, Mr. Jeffrey Hill and Mr. Patrick Griffin, was imperilled because BSC failed to maintain the Queen Victoria Blast furnace in a safe condition "as far as was reasonably practicable."

The cooling system of the blast furnace was leaking water, states the charge.

Last week's report by the executive said that the explosion was caused by water coming into contact with molten metal in a torpedo ladle, which caused 90 tonnes of molten metal to shower on to the workforce below.

The case will be heard on June 9.

● The British Steel Corporation increased its white-collar staff between 1973 and 1975 while cutting substantially the number of blue-collar workers in production departments.

Figures just published in Annual Statistics for the Corporation 1975 show that after a sharp decline in 1972 white-collar staff on the payroll went up from 61,290 in September 1973 to 65,140 at the end of 1975.

Car industry 'faces real trouble' over imports level

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

IF CAR imports are not reduced to an acceptable level in the space of five years at the most, the U.K. motor industry will be in "real trouble," a leader of the motor industry has warned.

Mr. John Beswick, director-general of the Society of Motor Manufacturers and Traders, disclosed that his organisation was having urgent talks with the Government to try to persuade the Treasury to change its mind over the new proposals for company car taxation.

If the proposals became law, it could mean an increasing advantage to importers, said Mr. Beswick. He was very concerned at the lack of consultation before the new policy was formulated.

Mr. Beswick's remarks came after first-quarter registration figures which show imports with almost 35 per cent. of the U.K. market as against 33 per cent. last year.

All the indications are that the British industry will not be able to beat back this inflow of cars until at least the latter half of the year, in spite of the large injections of public money into British Leyland and Chrysler.

Manufacturers would like to see imports down to about 25 per cent—the level achieved in most EEC markets—and the society is particularly worried that this aim might be thwarted by U.K. sales of Japanese and East European cars.

Mr. Beswick, who was speaking in London, said that the society was keeping a keen watch on build up of East European sales, while further talks were shortly taking place with Japanese manufacturers.

Negotiations with the Japanese last year produced a tacit agreement under which imports were limited in the first quarter of this year to average levels achieved in the latter part of 1975.

Magistrates urged to use compensation powers

BY A. H. HERMANN

CRIMINALS should be compelled to make some reparation to the people they injure, Essex magistrates were told by Lord Elwyn Jones, the Lord Chancellor, last night.

Magistrates ought always to consider compensation in appropriate cases, he said, reminding them that they can now award up to £400 for each offence.

He was continuing the Government's campaign of exhortation aimed against the increase in violent crime, largely committed by young people for its own sake. On previous occasions, he has urged magistrates to impose more realistic sentences and underlined the courts' duty to protect those who serve the public, such as bus and train crews and the police.

Compensation of the victim tends to be overlooked, he said, because he is usually not in the court, and even when he is, it is tempting to tell him to pursue his civil rights in the county court.

The Lord Chancellor drew attention to teaching civic responsibility in schools as a means of combating crime.

Federation may drop bid to oust 'lump case' builder

FINANCIAL TIMES REPORTER

THE NATIONAL Federation of Building Trades Employers will probably change its mind about demanding the resignation of J. Murphy and Sons after the fines of £800,000 imposed on the company, and the jailing of three of its executives, for "lump" tax frauds.

Resignation matters are dealt with on a regional basis and last month, after the 54-day trial at the Old Bailey, the federation's London region said that it was asking for Murphy's resignation.

Yesterday, the national body said the London region was "being advised to withdraw its request for the resignation." The London region is expected to take this advice at its next council meeting.

The federation's statement said that Mr. Jock Mackenzie, chairman of London and Northern group, and Lord Milne, a director, had met the federation's president and director-general to discuss the position of Murphy

"At the meeting Mr. Mackenzie and Lord Milne said that the conviction and sentence recently imposed on Murphy's were under appeal.

"Assurances were given that every endeavour would be made to ensure that Murphy's abide by the constitution and the code of conduct of the NFBTE and the National Working Rules Agreement."

Lord Cross to head City takeover appeals body

ord Cross of Chelsea, 71, the ormer senior judge and Lord of ppeal in Ordinary, is to become hairman of the Appeal Committe of the City Takeover Panel.

He replaces Lord Pearce, the rst chairman, who has retired ged 75. The appointment has een approved by Mr. Gordon ichardson, Governor of the Bank England.

Appeals to the committee—set p eight years ago—are relatively are, numbering fewer than ten so r.

Dearer borrowing

irst National Bank of Chicago, hich two months ago led a ound of interest rate cuts by S. banks in London, has now ised its sterling base lending te from 9 to 9½ per cent.

Transport talks

new unit has been set up by e Department of the Environent to co-ordinate consultations ith interested parties on the overnment's transport policy cument and analyse their coments.

Embassy plans

r Malby Crofton, leader of Kengton and Chelsea Council, yesrday joined protests over the ospect of a new Russian bassy complex in Kengton Church Street. "We have very large concentration of bassy buildings and this plan build what amounts to a complete community with a school and cultural centre for the Russians is quite unacceptable," he said.

Belts save lives

The wearing of safety belts by drivers and front seat passengers led to a saving of more than 4,500 fatal or serious motor accident casualties, according to a report on the provisional casualty figures for 1975 published by the Environment Department yesterday. The number of people killed in road accidents in Britain last year fell 8 per cent. to 6,350. Serious injuries, at 77,000, were down 6 per cent.

Mounting problem

London's rubbish is a mounting problem. Each citizen produces nearly half a ton of the stuff each year and existing disposal sites cannot take much more, says a GLC report. It suggests transporting the waste by train to sites well outside the capital and spotlights three such "stations" now being developed.

Winning building

Foster Associates, a London-based architectural practice, has won a $25,000 U.S. award for distinguished architecture using aluminium.

The prize-winning building is the head office of Willis, Faber and Dumas, insurance brokers, in Ipswich.

HOME NEWS

Bearing company to sav £700,000 in trimming pla

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

CLOSURE OF the SKF (U.K.) bearings plant at Luton and the switch of production to the nearby Sundon plant will create a once-and-for-all saving of £700,000.

The saving is disclosed in a review of operations by the Swedish parent company. There will also be significant annual savings from the Luton closure, which was announced at the end of last year.

The review shows that SKF (U.K.) had sales of £43.1m. last year, a 22 per cent. rise on the £35.4m. for 1974, but there was a drop in sales volume.

Compared with this, Britain's biggest bearings manufacturer, *Ransome Hoffmann Pollard*, had sales last year of £83.6m. and taxable profits of £5.85m.

No loss figure is given in the SKF review, but employees have been told that all three of the group's U.K. factories have been losing money, with the Irvine plant in Scotland incurring the biggest deficit.

The company is in the process of slimming down by the elimination of 625 jobs. The review shows that last year the number of employees shrank from 5,067 to 4,713 while sales per employee rose from £6,986 to £9,137. (At SKF Goteborg, sales per employee were £23,500 against £22,000 in the previous year.)

Wage increases and re-deployment difficulties contributed sharply to increased manufacturing costs, which rose faster than sales and administration expenses, says the review. In order to achieve reasonable manufacturing efficiency, stocks were allowed to go up.

To finance capital investments and rising stocks, the company floated new loans of £5.3m., increasing financial costs still further.

Capital investment last year was reported to be Kr.35m. (£4.1m.) against Kr.22m. (£2.75m.) in 1974.

The review points out that the impact of the recession on the roller bearing industry in 1975 was considerable with volume dropping 10 per c[…] the level of the previou[…] The drop in productio[…] greatest for manufactur[…] small electric motors and car industry.

Of SKF's other U.K. bus[…] the review shows that SK[…] (U.K.) at Dunstable ha[…] per cent. rise in invoice[…] to £1.2m. and that "[…] results were the best achieved by the company.

At the Sheffield Twis[…] and Steel Company, acqu[…] July last year, the order […] was weak for most of th[…] registering a 35 per cen[…] below the 1974 level.

Sales in the second half […] year were therefore "[…] good." Production was c[…] per cent. so as to restrai[…] buildings, and there w[…] marginal decline" in […] results compared with l[…]

STDS sales rose from […] to £15.6m. Sales per e[…] were up from £5,715 to £[…]

Armed Forces to receive full £6 pay increase

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

MOST MEMBERS of the Armed Forces are to receive the full £6-a-week pay rise permitted under the Government's present counter-inflation policy, back-dated to April 1.

It is the first rise for the *Forces since April 1 last year*, and will cost more than £101m. a year. Higher charges to be made for food and accommodation, however, will yield more than £18m. a year, making the net cost to the taxpayer about £83m.

Exceptions will be senior officers whose earnings are already above the £8,500-a-year "cut-off" point for rises under the Government's rules, medical and dental officers, whose pay *will be considered separately*, and some junior service personnel, under 17½, who will get rises proportionate to their present pay.

The rises have been approved by the Government.

In a White Paper issued yesterday, the Review Body on Armed Forces Pay, under the *chairmanship* of Mr. H. W. Atcherley, said that it was satisfied that the maximum rise of £6 a week was justified.

Its survey of increases in earnings in outside industry had shown that rises of up to 19 per cent. had occurred in the period from November, 1974, to November last year, while over the same period the retail prices index had risen 25.2 per cent.

The full £6 rise for the armed forces would effectively mean increases of between 3.8 per cent and 18.3 per cent., according to the age and rank of the individual concerned, *with the* bigger precentage rises concentrated in the lower ranks.

Thus, a private or his Naval or Air Force equivalent, now earning £32.76 a week […] £38.76, a rise of 18.3 per […] petty warrant officer or […] will get a rise of 9.8 per […] £66.90; a captain (Arm[…] lieutenant on £79.03 w[…] rise of 7.6 per cent. to £[…] a colonel and his eq[…] will get a rise of 3.8 p[…] from £156.66 a week to […]

Against these rises, […] will have to be set the charges for food and a[…]dation. The food charg[…] up by 17p a day to 77[…] (£5.39 a week) from Ap[…] the accommodation char[…] average 54p a week, the depending on the type o[…]modation involved.

The increased char[…] yield £6m. a year for f[…] *more than £12.3m for a[…]dation.*

Review Body on Armed Pay Fifth Report, 197[…] mand 6470, SO, 35p.

Decline in profits likely for R-R (1971)

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE (1971) declined yesterday to comment on reports *that it would barely break even* in its financial results for last year, but it is thought likely that pre-tax profits will show a decline from the £16.7m. earned in *1974*.

The full accounts for last year are still being prepared and will not be published until the summer, but the company last year faced a world recession in airliner markets that resulted in reduced demand for civil engines.

Rolls-Royce (1971), now under the *National Enterprise* Board, is still discussing with the Board its longer-term working capital arrangements, but has already said that it needs about £100m. in working capital this year.

Production platfo[…] ready for Brent

BY RAY DAFTER, ENERGY CORRESPONDENT

A 500-foot high oil production platform for the Shell/Esso Brent Field is due to be floated out from RDL North Sea's Methil yard in the Firth of Forth in the next few days.

The 13,000-ton steel structure, claimed to be one of the biggest of its kind in the world, has been ready for float-out for several days. However, wind conditions have been unfavourable and the operation is not expected before to-morrow or Thursday.

The platform will help Shell and Esso build up production at their major Brent Field, which is due on stream, from the already-installed Brent "B" *platform*, later this year.

According to industry estimates, the field, which b[…] 2bn. barrels of rec[…] reserves, should be prod[…] the rate of 20,000 barre[…] by the end of the year. […] the output of the field sh[…] more than 500,000 barrel[…]

The RDL platform—Br[…]—will be floated out specially designed sub[…] barges. The structure […] floated off the barges wh[…] in the deeper water of th[…]

The builders, a Briti[…] Corporation subsidiary, hoped *originally* to […] the steel platform in […] schedule revised to 1975 […] changes, operational pro[…] series of disputes and *of last year's fine "window"* are the main […] for the delay.

Five face corruption charges

Corruption in a £7½m. Government contract was alleged yesterday when five men appeared at Swansea Crown Court accused of offences during the building *of* the National Driving and Vehicle Licensing Centre at Morriston, Swansea.

All pleaded not guilty.

Accused are Mr. Alan Chapman, 49, architect, of Berens Way, Chislehurst, Kent, who faces three charges of corruption and one of attempting to obtain property by deception; Mr. Dennis Beadlet, 58, business consultant, of Elizabeth Street, Westminster, London, who faces one charge of corruption; Mr. Alan Thomas, 33, quantity surveyor, *of Talbot Road, Ammanford*, near Swansea, charged with three offences alleging false accounting and three of obtaining property by deception; Mr. Rodney Hubbitt, 40, surveyor, The Grange, Cardiff, two charges of false accounting; and Mr. Michael Butler, 40, company director, Groesfaen, near Pontyclun, two charges of alleged corruption.

Prior gives warning to increased public spendi[…]

FINANCIAL TIMES REPORTER

THE APPARENT success of the present pay talks could be seriously undermined by the cost of the package in terms of increased public spending, Mr. James Prior, Shadow spokesman on employment, said *yesterday*.

There was a great deal of euphoria surrounding the pay policy but Britain was "nowhere near home and dry."

Mr. Prior told the Institute of Grocery Distribution Conference in Birmingham that the pay package might prove costly if it *included an increased "social wage"* and bigger food subsidies. Progress had been made on pay but it could be totally undermined unless public expenditure was brought *control*.

A Tory Government wo[…] abolish all the industri[…]tions legislation introdu[…] Labour. There had be[…] *much legislation in recen[…]* and Britain needed a pe[…] stability.

Instead, the Conser[…] would concentrate on *secret ballot adopted at al[…]* of union elections, and o[…] ducing a "conscience […] into the closed shop legis[…]

Workers not wanting to *union on conscience* […] should be obliged to […] charity the amount of […] which would otherwise gone into union dues.

P.O. move to cheaper cable

By Arthur Smith

THE POST OFFICE expects to save about *£10m.* a year by switching from copper to aluminium conductors in local telephone cables.

The move is made possible by *technical developments in alloys*, which mean aluminium rather than copper can be used efficiently. Aluminium, at about £450 a ton, is about half the price of *copper*.

The Post Office said last night that a new technical agreement has been reached with the Telecommunication Cable Makers Association under which aluminium will be used in cables connecting new exchange lines to local telephone exchanges.

Better year for charity fund investments

BY DONALD MACLEAN

THE VALUE of income and of *accumulation shares in the* Charities Investment Fund recovered in the year to January 6, reflecting "improved *stock market conditions*," *according to the fund's annual report.*

The fund was set up under a Charity Commissioners' scheme to provide investment management for a "wide range of *charities*."

The basic value of income shares, which cover a po[…] of U.K. and overseas investment, fixed interest and commercial propertie[…] to 111.37p a share, from […] or by 88.7 per cent. This than recovered the pr[…] year's fall from 99.71, bu[…] substantially below the l[…] of January, 1973.

The income shares are e[…] for the whole of a cha[…] trust's capital.

March deficit £1.38bn.

BY ANTHONY HARRIS

THE CENTRAL Government borrowing requirement in March was £1.38bn., bringing the total for 1975-76 to £8.78bn. — £47m. less than the estimated out-turn given in the *Financial Statement* at the time of the Budget.

The large size of the March deficit — the highest in the year, apart from December — w[…]plained by the change i[…] seasonal pattern of tax paym[…] which now tend to be hea[…] January rather than March.

Expenditure was 22.1 per […] higher than a year earlier […] smaller increase than in […] earlier months — but rev[…] was up only 9.2 per cent.

The architectural profession is now arguing to keep its century-old mandatory fees, but a Commission wants to know why

The plea of the architects

By H. A. N. BROCKMAN, Architecture Correspondent

THE Royal Institute of British Architects has now produced a well considered and closely argued case to the Monopolies Commission for the retention of its hundred-year-old and commonly accepted mandatory fee-scale.

The Commission has been sitting for a long time, since 1970. Before that the Prices and Incomes Board (which was against the mandatory fee-scale) paved the way for the Commissions' long deliberations. The PIB was routed by the RIBA, on the architectural profession, because the Institute's principle of a mandatory minimum fee-scale was upheld by the responsible Government department of the time.

Mandatory

Now the Institute, at the request of the Monopolies Commission, has submitted its defence of the mandatory minimum fee-scale as the corollary to the present inquiry into the nature of the scale. In other words, the Commission wants to know why the architectural profession needs a fee-scale at all and why it cannot encourage its members to compete against each other in economic rather than purely professional terms.

It was Sidney and Beatrice Webb who, in 1917, succinctly described the nature of a profession as: "... a vocation founded upon specialised educational training, the purpose of which is to supply disinterested council and service to others, for a direct and definite compensation, wholly apart from expectation of other business gain."

It is within this context that the RIBI has submitted its defence of a mandatory fee scale aimed at preserving the profession's interest in providing such a straightforward "council and service." The atmosphere of commercial competition, the RIBA fears, could result in a fall in quality of service. Its anxiety is that if architects were forced to cut the immediate cost to their client, long term costs, in the realms of maintenance and repairs, will be higher.

When we talk now of "the quality of life" that phrase has a material parallel in line with its more abstract meaning. Quality can mean value for money involving a regard for what the product will be worth in years to come compared with its cost at the present time. The architect is bound by his ethical code to aim for this; some of those who do not do so inevitably have their day of reckoning in due course. We have seen some recent examples.

The RIBA as the agreed representative of all the professional institutions of architecture, of which it is the principal, has presented a reasoned and closely argued case for its traditional method of charging a minimum fee for a professional service.

Spring, 1977

As for incomes, the architect, compared with other professions, comes a long way down the ladder. In 1970, the median annual earnings of principal architects were £3,125, compared with barristers at £5,940 and auctioneers at £7,750. These figures must be related to the long training period for architects—up to seven years—the equal of any other learned profession.

The Monopolies Commission has at the moment taken over from the Government this vexed question of architectural fees. Following the reverse of the Prices and Incomes Board opinion on the matter in 1968 discussions were opened between the RIBA and central Government on fees, but with the appointment of the Commission, the Government broke off discussions pending the Commission's report. This is not expected until spring 1977 at the earliest.

Protection

Meanwhile the RIBA is able to draw attention to the benefits to both the profession itself and to its clients of its tenaciously held mandatory fee scale.

Its case starts with the argument that in to-day's competitive climate and the extreme restrictions on expenditure in every direction, the architect is subject to tremendous pressures—from clients far more powerful than himself—to reduce estimated costs which are bound to rise in an inflationary period. If, by attempting to do so (without a mandatory fee scale and, therefore, in open competition with other architects) he reduces his fee, lowers the specification for his materials, reduces the quality of his finishes, and the quality and extent of his supervision of the job, he lets the client down, lets the builder down and lets the profession down.

In these circumstances and in all others it is submitted that the fee scale provides an all-round protection.

The present competition between architect and architect is in any case a guarantee of professional alertness, it is claimed. The architect who is a good professional, knowing that his reward is assured within the professional code, is free to give a disinterested service which, in architecture, goes beyond the application of technical knowledge, supervisory expertise, and selective ability on materials.

This extra service is the abstract quality of recognising an aesthetic need; a personal insistence that what is built must, as far as practicable affect and enhance its surroundings and impose a beneficial influence upon our future environment.

Architecture, and the profession which provides it, must keep out of commercial competition and the profit-seeking exploitation which is its inevitable accompaniment.

Commercial competition could lead to a fall in service and the "quality" of life, says the RIBA, whose President, Mr. Eric Lyons, is seen against the Institute's London headquarters.

Tootal plans to put emphasis on garment manufacture

BY RHYS DAVID, TEXTILES CORRESPONDENT

TOOTAL is planning to expand further its manufacture of garments and other made-up goods and cut back in areas which have shown a low return.

The company, which is one of the U.K.'s four biggest textile groups, yesterday reported pre-tax profits of £9.13m. for the year to January 31, compared with £13.1m. in 1974-75. Turnover was up from £234.9m. to £257.8m.

It is planning to increase overseas sales and hopes to develop further in Continental markets. These last year produced less than 5 per cent. of its total trading profit.

Mr. Robert Audsley, managing director, said yesterday that the aim would be to shift the emphasis of the business further towards finished products. Investment in areas where the returns were inadequate and unlikely to improve would be reduced.

The company has already announced the closure of a number of spinning and weaving units and last year sold Hide group, its department store chain, to House of Fraser.

Tootal expects spending on new plant and equipment in 1976 to be about £14m.—roughly the level of the past two years—and is including in its plans a £2.5m. investment in computerised central cutting facilities for its manufacture of men's and women's garments. It has applied for assistance for this project under the Government's Industry Act aid scheme.

Report Page 21

Sainsbury in hypermarket launch

BY ELINOR GOODMAN

THE JOINT company formed last year by J. Sainsbury and British Home Stores to develop hypermarkets has received planning permission to build its first store.

It will have a sales area of 70,000 square feet and be built at Washington New Town, Co. Durham.

Trading under the name Savacentre—the name chosen for all hypermarkets to be developed by the joint company—it will open before Christmas next year. The store, like other existing hypermarkets, will provide free parking and have all its sales area on one floor.

About one-third of the selling space will be devoted to foods, with Sainsbury providing the grocery expertise and BHS its experience in variety store trading.

Both Sainsbury own-label products and BHS's own Prova branded goods will be sold at heavily discounted prices, though the hypermarket is also expected to sell some branded goods.

The company is not specifying the size of the price cuts it will be offering in Washington, but if it is to compete on food in the North of England, it is expected that it will have to reduce normal prices by about 10 per cent. Operating costs, however, will be substantially lower than in a traditional supermarket.

Sainsbury, whose largest existing supermarket has a sales area of 35,000 square feet, joined BHS 12 months ago to form a company to develop hypermarkets.

The idea was that the two groups would pool their existing strength in food, textiles and catering to develop larger stores which, by virtue of their size, can offer the shopper cheaper prices.

Since then the company has explored a number of sites, including one at Colchester. It now looks as if this site may be used as a traditional supermarket rather than as a hypermarket.

The joint company is also believed to have one further planning application pending.

No figure has yet been given for the cost of the Sainsbury-BHS development, but judging by the experience of other superstore operators, it will not cost much less than £4m. to develop.

NOTICE OF REDEMPTION

To the Holders of

HAAS OVERSEAS CAPITAL N.V.

(now Rohm and Haas Company)

8¾% Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of June 1, 1971, as supplemented, providing for the above Debentures, said Debentures aggregating $500,000 principal amount bearing the following serial numbers have been selected for redemption on June 1, 1976, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with interest accrued and unpaid to said date:

DEBENTURES OF $1,000 EACH

M- 47	873	1933	2785	3591	4454	5129	5838	6432	7866	9511	10431	11180	11863	12782	13702	14400
55	909	1953	2811	3594	4469	5143	5845	6450	7888	9604	10437	11186	11900	12789	13743	14434
92	966	1985	2839	3665	4537	5168	5857	6502	7928	9688	10507	11195	11952	12874	13748	14473
110	974	2040	2848	3677	4545	5227	5878	6520	7948	9689	10531	11262	11960	12901	13789	14498
184	1041	2070	2884	3738	4546	5228	5917	6579	7952	9772	10558	11266	11967	12935	13795	14504
210	1067	2074	2892	3751	4606	5262	5963	6605	7970	9807	10606	11276	12021	12960	13811	14548
233	1097	2076	2909	3764	4625	5297	5974	6608	8028	9822	10608	11338	12047	12971	13841	14549
285	1106	2125	2937	3765	4647	5300	6019	6651	8048	9855	10624	11351	12092	12980	13858	14587
296	1134	2138	2969	3781	4654	5321	6052	6686	8121	9926	10626	11366	12100	13079	13863	14630
320	1142	2150	2971	3821	4655	5388	6062	6689	8194	9934	10639	11408	12158	13081	13872	14677
352	1180	2157	3013	3853	4670	5393	6075	6713	8250	9971	10674	11447	12187	13102	13879	14712
360	1186	2190	3022	3924	4696	5426	6080	6740	8319	9995	10688	11453	12230	13114	13934	14766
404	1229	2195	3048	3943	4702	5429	6093	6783	8393	10052	10689	11514	12233	13115	13944	14785
419	1265	2237	3076	4003	4709	5478	6161	7037	8478	10056	10735	11533	12240	13141	13965	14885
461	1268	2253	3126	4006	4717	5482	6185	7090	8537	10093	10736	11566	12255	13178	13967	14901
477	1325	2258	3160	4046	4779	5497	6186	7113	8555	10127	10755	11583	12276	13220	14028	14906
495	1357	2410	3167	4081	4804	5512	6188	7167	8637	10130	10756	11599	12291	13230	14047	14970
543	1388	2442	3222	4096	4823	5547	6217	7168	8683	10133	10808	11603	12314	13251	14060	14978
565	1403	2456	3224	4118	4847	5570	6238	7262	8732	10150	10829	11629	12359	13310	14096	14983
589	1426	2467	3247	4140	4856	5606	6247	7291	8736	10154	10842	11641	12404	13327	14152	14995
618	1442	2536	3290	4156	4885	5614	6254	7341	8806	10207	10913	11657	12436	13392	14166	
654	1473	2538	3336	4158	4908	5651	6304	7406	8979	10234	10919	11663	12477	13436	14204	
662	1504	2544	3369	4188	4940	5666	6334	7466	9075	10236	10923	11707	12483	13440	14235	
679	1550	2554	3400	4251	4958	5672	6347	7514	9163	10273	10925	11714	12498	13528	14279	
713	1757	2567	3403	4255	4985	5675	6378	7556	9198	10292	10939	11722	12529	13537	14283	
753	1783	2600	3437	4269	5038	5681	6381	7630	9246	10306	11017	11744	12616	13562	14297	
777	1795	2671	3458	4312	5045	5750	6392	7662	9283	10310	11018	11749	12628	13583	14313	
843	1817	2702	3493	4353	5107	5753	6404	7759	9313	10372	11053	11753	12693	13629	14333	
847	1881	2735	3542	4377	5117	5755	6416	7799	9335	10373	11090	11777	12712	13676	14339	
850	1901	2756	3548	4437	5123	5785	6425	7807	9424	10391	11125	11837	12760	13699	14368	

Payment will be made upon presentation and surrender of the above Debentures with coupons due June 1, 1977 and subsequent coupons attached at the main offices of any of the following: Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015; Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Banca Morgan Vonwiller S.p.A. in Milan and Rome; Bank Mees & Hope N.V. in Amsterdam; and Banque Générale du Luxembourg S.A. in Luxembourg.

Coupons due June 1, 1976 should be detached and collected in the usual manner.

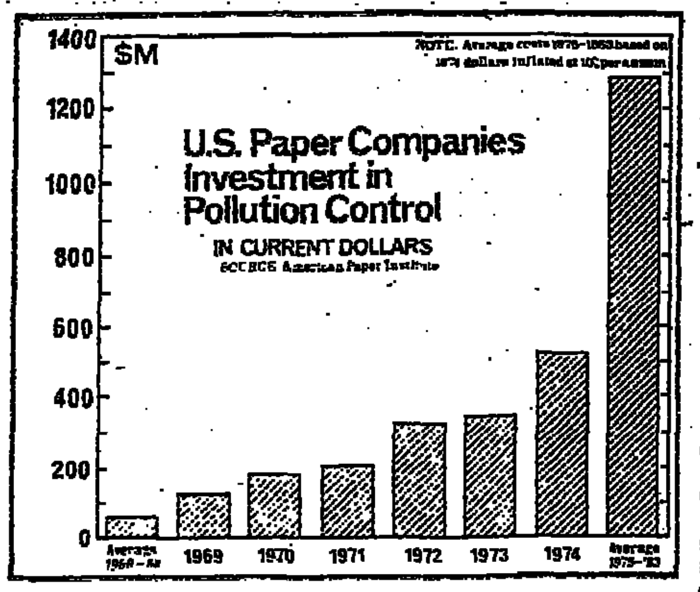
On and after June 1, 1976 interest shall cease to accrue on the Debentures selected for redemption.

ROHM AND HAAS COMPANY

Dated: April 26, 1976

U.S. paper companies need new profits from their forests. Lorne Barling reports

More bangs from the $



THE AMERICAN business catch phrase of "getting more bang from your buck" is a neat simplification of widespread U.S. company policy in recent years—making the best use of *resources* and consequently raising profits in relation to capital employed.

The U.S. paper industry, highly capital intensive and enormously rich in resources, has always resisted rapid change, but a series of unpredictable upsets in operating conditions has created fundamental re-thinking of company policies.

The major companies have emerged virtually unscathed from the recession but now have to face an intriguing medium-term problem created by higher energy costs, inflation and compulsory environmental controls. These three elements have produced some frightening projections about profitability (or lack of it) from investment in paper-making equipment, so the "bang from the buck" may have to come from other areas.

With demand in North America recovering at a rate which has surprised many companies, and the consequent rise in earnings expected to continue until at least mid-1977, the need to make a decision on such investment is paramount. A clue to their intentions is provided by the fairly recent fashion of describing themselves as "resource companies," which is by no means inaccurate. The International Paper Corporation is the largest private landowner in the U.S. with 8.5m. acres, while Bowater owns and leases 8.25m. acres in North America which is about the combined area of the states of Massachusetts and Connecticut.

Until recently these lands have been used almost exclusively for the growing of timber and the production of pulp and paper, and have provided security against the huge investments in mills and new technology. IP, with shareholders' funds worth $1.5bn., invested $461m. in capital ex*pansion and improvements last* year. Of this nearly $100m. went on expanding its forest acreage.

Slightly more than $300m. is being spent on upgrading existing production facilities, primarily in Maine and Texas, but the increase in expenditure in this area is seen more as a means of maintaining capacity and ensuring future needs, rather than as any major expansion. Another leading company, Weyerhauser, has seen the projected cost of a new mill in Alabama rise from $250m. to around $400m. in just over a year.

One apparent shift in policy, in view of these problems, has been to invest more in controlling costs and boosting profit*ability, rather than attempt to* increase market share. This has inevitably led to a closer examination of ways in which forest lands can be used more profitably, although most companies have moved *cautiously.* The most significant event recently was IP's acquisition of General Crude Oil as a step towards developing hydrocarbons and minerals beneath its lands. In addition, General Crude is also a leading rice-producer, whose agronomy experience may prove useful in future.

Diverse

St. Regis, which is more diverse and international than many of its competitors, with 42 per cent. of its net sales coming from packaging and converting products, is equally aware of the need to make the most of its assets, spending nearly $19m. last year on expansion and reforesting. Its profits from oil and gas operations rose by 75 per cent. last year to nearly $15m.

But the company faces the considerable disadvantage of being unable to meet its timber demands from its own lands and faces high costs from other sources, where the price of timber has remained high in spite of the recent slump in demand from the housing sector. This has also contributed to paper prices remaining far more stable than in previous economic downturns.

Nevertheless, paper and paper products remain the primary strength of the industry. It is now crucial that prices remain stable and provide a return on investment which may prevent a more rapid move by the major companies into these more profitable areas of activity. Recent figures in the U.S. are encouraging, with production in the first quarter of 26m. tons and about 20 per cent. above last year and about the same as 1974. In the past couple of weeks there have been signs of weakening demand, but there is no doubt that the market is recovering strongly.

Recent price increases for newsprint and other grades have accompanied the overall rise in demand and with housing starts expected to increase more than 30 per cent. during the year, profits in the sector are likely to be well ahead of 1975, and even approach the high levels of 1974. Price increases will, it is hoped, offset inevitable cost pressures, although this short term optimism and the generation of a strong cash flow should not obscure some of the major *problems of paper production*—increasing energy costs, inflation and compulsory environmental controls, which are increasingly inter-related.

The most serious of these is probably the drain of capital into obligatory pollution abatement measures, which could set back investment programmes by years. Last year industry investment totalled $2.91bn., of which $644m., more than one-quarter, went on anti-pollution measures.

This problem is now being closely examined by the American Paper Institute in an effort to determine its long term effects and a new study concludes that 25 per cent. of available funds were spent in the five years to 1973 on preventing pollution.

It also suggests that this diversion of investment contributed to the shortage of paper and board products and the rapid increases in price during 1973 and 1974, which were also experienced in Europe and the rest of the world. In the U.S., prices increased by an average of nearly 40 per cent. between 1972 and 1974, the study points out.

It is also suggested that these measures prevented the addi*tion of 4m. tons of new capacity* during 1973 and contributed to the high rate of mill closures which reduced capacity during that year by about 7m. tons overall. But that appears to be only the *beginning of the problem,* with horrendous capital shortfalls predicted up to 1985.

The study is based on projecting demand and consumption rates based on historical data, a method which has not always proved reliable, but it nevertheless concludes that the U.S. industry will be short of $16.7bn. for investment between 1975 *and 1984. As a result of this* shortfall, the study shows that shortages will be experienced in 1978 and 1979 and that prices could rise by 92 per cent. by 1983 if inflation is included. Two methods of meeting this crisis are suggested: stretching spending on *anti-pollution* measures or a massive increase in imports.

This alarming scenario is not unlike predictions for the world paper industry, but does not apparently take into account either the flexibility of supply in relation to demand, particu*larly in the U.S.,* or emerging technology, itself the subject of a recent industry study. This document concludes, in rather imprecise terms, that paper manufacturing is likely to be revolutionised in coming years. Most significant is the effect this would have on current systems and equipment, perhaps reducing their "economic useful life" *very significantly.*

What is clear, however, is that the life expectancy of investment will probably shorten and with interest rates unlikely to drop significantly for the foreseeable future, the traditional thinking that large integrated mills would offset cost ... nomy *of scale,* will n... to be re-examined. T... signs that some compa... now be thinking in ... smaller, more adaptal...

With most compar... operating a mix of ... more modern mills, ... posite return from ... must remain the most ... profit guide, because ... accounting systems in ... mean that older, wri... mills are showing al... high profits and move... afoot to introduce re... cost accounting. The ... Paper Institute has ... submitted its respons... Securities and ... Commission's proposa... it favours in some res...

Negated

The energy problem ... industry, which is th... largest industrial con... *the U.S., have also be...* and cannot be divor... inflation and envi... measures. It is estim... energy saving ach... have been virtually n... increased power requ... environmental equip... that this will continu... time. Technically, ... possible to constru... which is self sufficient ... (using forest waste ... but the investment c... be enormous and is ... as yet another blind...

The nature of these ... *in the U.S. is that it* ... panies concerned hav... tial land resources ... diversified sufficiently ... have the strength to ... them although they ... go some *fundamental* ... doing so. The impl... the industry in Eu... other parts of the wo... encouraging, althou... Scandinavia has su... same degree of env... pressures as the U.S.

In the short-term, th... in demand in the U.S... to outstrip that of E... *whole, raising the po...* increased exports the ... incentives to inves... capacity in Europe ... come even more seve... the U.S. As one ... company put it, no ... any desire to surviv... to invest millions of ... new equipment whi... only marginally ... inflexible in the fa... technology and a hu... capital resources.

Lovell

Electricians' leader calls for unanimity

BY IAN HARGREAVES, LABOUR STAFF

THE NEW Government-TUC pay policy must be adhered to by all trade unions or none at all, Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, said yesterday.

Speaking at the start of the union's series of industrial conferences in Scarborough, Mr. Chapple said: "Whatever economic policy we adopt, one thing is certain: that if the TUC and the Government cannot reach agreement, then Britain's difficulties will get worse."

Although speculation may have made the fall of the pound worse, the weakness of sterling represented real economic weakness, he said. "That is why, whatever the difficulties that individual unions or groups of members may have with the application of whatever agreement finally comes out of the current round of discussions between the Government and the TUC, in the long term it will be in all our interests to implement that policy."

Turning to divisions within the Labour movement, Mr. Chapple warned against the dangers of the "grotesque virility contest going on between the National Executive of the Labour Party and the Government.

"It is completely unrealistic, faced as the Government is with the current economic problems, to expect them to adopt and implement policies decided at the party conference. I do not think the rank and file of the members of trade unions expect this."

If pressure on the Goverment forced an election, there would be a further shifting of foreign investment, pushing the Government into even more stringent measures to control the economy. "We would be doing this at a time when the rest of the world is anticipating an improved climate and world trade is on the upturn."

To-day members of the EPTU's national electrictiy supply section are expected to back a resolution calling for the consolidation of bonus earnings into hourly rates, which would lift basic rates by as much as 33 per cent in most cases.

Current affairs journalists at BBC in union row

BY ALAN PIKE, LABOUR STAFF

MEMBERS of the National Union of Journalists working on BBC Television current affairs programmes yesterday accused the rival Association of Broadcasting Staff of threatening to black their work.

Mr. Charles Barrand, chairman of the NUJ London Television branch, said the ABS had written to his members on programmes including Nationwide, Panorama and Tonight, effectively declaring a closed shop with the "overt implication" that journalists who did not join would be blacked.

The BBC does not recognise the NUJ in the television current affairs field and a two-year-long campaign to win joint recognition with the ABS—the arrangement which exists for the representation of news journalists—has so far failed.

Delegates to the NUJ conference at Buxton last week stepped up the fight with a resolution declaring that the campaign for recognition would be carried to strike action if necessary.

Although the minority union in BBC television current affairs departments, the NUJ claims about 100 members in the field. It proposes to continue its recognition campaign through the Advisory, Conciliation and Arbitration Service.

The London Television branch yesterday warned that it would receive support from NUJ members in news and current affairs offices of both BBC television and radio if the ABS attempted to impose sanctions.

But the ABS argues that long discussions aimed at negotiating agreed changes in its joint working agreement with the NUJ could be settled by now but for the NUJ's attitude.

One of the main points of disagreement between the two unions concerns short-term contracts for television staff. The NUJ is strongly opposed to these and, as evidence that the ABS is an unsuitable organisation to represent journalists, attacks it for its ineffectiveness on the issue.

The ABS replies that it is equally opposed to short-term contracts and is engaged in action to control the use of them.

Clerk faces sack over order to join union

By Our Labour Staff

A WHITE-COLLAR worker with a Midland company faces dismissal to-morrow for refusing to join a union under a closed shop agreement.

Mr. Peter Thickpenny, a 28-year-old clerical assistant with the Perkins diesel engine company of Peterborough, refuses to join the Association of Professional, Executive, Clerical and Computer Staff.

Mr. Thickpenny, who has been with Perkins 18 months was told a year ago that he would have to join the union from May 1 this year. Because he refused to join he was told to stay at home yesterday to reconsider his decision, and he was given a warning that unless he agreed to join the union by Wednesday he would be dismissed.

If the company carries out its threat, Mr. Thickpenny said yesterday, he would appeal to an industrial tribunal citing unfair dismissal. "I have nothing against unions but I simply do not wish to belong to one," he said. "I believe in an individual's freedom of choice and I want to safeguard that."

He claimed that the issue of being forced to join a union struck at the heart of individual freedom.

He said had he been told of the closed shop when he applied for the job he would not have accepted it. "As it is I have had 10 months to consider it and I still cannot accept the principle that I should belong to a union against my will.

A spokesman for Perkins, which employs about 9,000, said last night: "Some areas of the company are subject to 100 per cent. trade union membership. It became a condition of employment for some employees, including Mr. Thickpenny, from May 1. We are discussing the matter with him but he knows the situation."

Minister promises end to cheap Asian labour in U.K. ships

BY DAVID CHURCHILL, LABOUR STAFF

A FIRM commitment to end the employment of cheap Asian labour on British merchant ships came yesterday from a Government Minister, speaking on the opening day of the National Union of Seamen's annual conference at Sunderland.

Hasty action could also result in shipowners taking up "flags of convenience" from other countries, or even laying up ships.

Shipping employers claim wage equality would cost the industry an extra £70m. a year and point out that there are insufficient U.K. seamen to replace the 19,000 Asians.

In the new Race Relations Bill currently going through Parliament the Government plans to make a provision for repealing this exemption by order and without special legislation.

Mr. Davis said, however, it would be "irresponsible" to abandon the practice immediately. It would put U.K. shipowners in considerable difficulties, and would affect the balance of payments since most Asians send their wages home.

Mr. Jim Slater, NUS general secretary, welcomed the announcement. "We are on the verge of getting rid of 150 years of this disgraceful practice. We are ready to go as soon as the signal is given."

Mr. Stanley Clinton Davis, Parliamentary Under-Secretary for Trade with special responsibility for shipping, said the Government was determined to eradicate the "distasteful" practice of a substantial number of British merchant ships being manned by Asians paid well below established U.K. rates.

Support for a pay policy based on a 5 per cent. increase also came yesterday from Mr. Slater.

Social contract and pay curbs 'achieved opposite of aims'

BY OUR LABOUR STAFF

THE social contract and wage controls have achieved the opposite of the aims of the Treasury and the TUC and there should be a return to free collective bargaining, Mr. Barry Seager, president of the Amalgamated Union of Engineering Workers' technical, administrative and supervisory section said yesterday.

"In declaring for a return to free collective bargaining I am advocating a fundamental change in Government policy, not a change in Government," he said at the opening of the section's annual conference in Bournemouth.

The section is one of the most intransigent opponents of wage controls and Mr. Seager's remarks are certain to be echoed by delegates during this week's conference.

More significant in determining the union's attitudes towards the next phase of the Government's policy will be the engineering section national committee and amalgamated conference of the union's four sections this month.

During one cycle of the social contract, workers would have donated £6½bn. of value to the owners in industry and £2bn. to the State, Mr. Seager said. If this would solve any of the major problems of workers they might be prepared to make this sacrifice but this was patently not the case.

Foundry industry training committee row resolved

BY IAN HARGREAVES, LABOUR STAFF

THE row between Mr. Hugh Scanlon and the Foundry Industry Training Committee, which reached its climax last month with accusations that the committee had been sacked, ended amicably yesterday.

After a two-hour meeting under the auspices of the Manpower Services Commission, agreement was reached on a new constitution which will guarantee the committee's return to life.

A joint statement after the meeting said the new constitution would be operated in "as helpful and co-operative a manner as possible" and Mr. Derek Farrant, the committee member who had accused Mr. Scanlon, president of the Amalgamated Union of Engineering Workers of "high-handed action," said he was satisfied the committee now had the independence it needed.

The new constitution would provide for full consultation with the industry on the appointment of members to the committee. "In fact, almost every amendment we asked for has been incorporated," he said.

Civil servants urged to accept 3% pay package

BY OUR LABOUR STAFF

THE Government's 3 per cent. and tax concessions pay package was supported yesterday by Mr. Bill McCall, general secretary of the 105,000-member Institution of Professional Civil Servants, at its Eastbourne conference.

The union's national executive committee had "no hesitation" in backing the incomes strategy, he said. The plan was bound to hurt some members, "but it must have consent and support if it is to succeed." There should be provision, however, for a degree of flexibility to take account of anomalies.

"That would make any further stage of an incomes policy even more difficult to introduce and be successful."

The Institution, which is not yet in the TUC although affiliation is on the agenda to-morrow, will to-day debate Mr. McCall's recommendation to endorse the pay policy.

Leyland men return

BY OUR LABOUR STAFF

THE 650 press operators at British Leyland's Swindon body works who went on strike over manning procedures on Thursday returned to work yesterday.

They agreed to return after assurances that their complaints would be taken up.

Another day of negotiations still failed to produce a break-through in the protracted negotiations to end the Rubery Owen welders' strike which has made 3,000 Jaguar workers idle and cost Leyland more than £5m. of production.

Management and unions are expected to meet again to-day to continue discussions on the dispute.

APPOINTMENTS

Fitch Lovell group posts

Mr. Stanley F. Collins has been appointed managing director of LOVELL AND CHRISTMAS, following the retirement of Mr. Maurice Canevali as executive chairman and the appointment of Mr. George Cannon as chairman. Mr. Canevali continues as president of the company and deputy chairman of the parent group, Fitch Lovell. Mr. Collins joined Lovell and Christmas in London in 1949 and has been a director of the company since 1963.

Mr. Stanley F. Collins

★

Mr. J. D. Paybody has joined the Board of LEYLAND PAINT AND WALLPAPER as a non-executive director and has also been elected chairman. Mr. Paybody was formerly vice-chairman and managing director of Mather and Platt. Mr. Bryan Jones will continue as group managing director of Leyland Paint and also takes over the position of deputy chairman from Mr. J. J. Ratcliffe, who remains a non-executive director.

★

BRYANT HOLDINGS has made the following appointments: Mr. D. G. Goddard, a director of Bryant International (Saudi Arabia) responsible for financial control, and Mr. V. J. Summers, a director of C. Bryant and Son, responsible for group personnel management.

★

Mr. John Cornish, formerly deputy chairman of MARDON PACKAGING INTERNATIONAL, has become group chairman and managing director in place of Mr. Hugh Carter, who has retired. Mr. Howard Webber has been made group assistant managing director in addition to his chairmanship of the U.K. and European Print Division.

★

Mr. A. V. Alexander, a director of Sedgwick Forbes Holdings, has been appointed to the Boards of SECURICOR GROUP and SECURITY SERVICES. Sedgwick Forbes is insurance broker to Securicor.

★

Mr. A. J. Arthur, head of advisory and research services to EMPLOYMENT CONDITIONS ABROAD, has been elected a director of that company. Mr. C. M. B. Crabb has been appointed company secretary.

★

Mr. Leonard Deeds, Marks and Spencer, has accepted an invitation to join the European Trade Committee of the BRITISH OVERSEAS TRADE BOARD.

★

Mr. Fred Miller has been appointed principal at MIDLAND BANK'S Residential College, Oxted, Surrey.

★

Mr. D. Arthur Hancock has become assistant managing director of WADKIN and Mr. Eric R. Saunders is now a full director of the group Board.

★

Mr. O. H. Chaldecott and Mr. J. McFadyen have been taken into partnership with STOCK AND CO., stockbrokers.

★

Dr. John Thomas has become deputy managing director of IPC SCIENCE AND TECHNOLOGY PRESS. He was previously director (editorial).

★

Mr. John Smith, of PAKcel Converters, has been elected director of the EUROPEAN TECHNICAL ASSOCIATION.

★

Mr. Denis Cumper has been appointed international co-ordinator to the International Federation of the Producers of Phonograms and Videograms, a non-profit-making organisation, founded in 1933.

★

Mr. John M. Weir has been appointed a non-executive director of GIDDINGS AND LEWIS-FRASER. Mr. Weir is a director of Sidlaw Industries and chairman of that company's textiles division.

★

Mr. W. R. McLeod has been appointed a director of H. BRONNLEY AND CO.

★

Mr. C. R. Ward has been appointed a director of AUSTIN REED LIMITED, the retail division of the Austin Reed Group. He will be responsible for the menswear merchandising of all shops in the U.K.

★

Mr. E. J. Catchpole has become managing director of NOLTON COMMUNICATIONS in place of Mr. R. Williamson, who is now deputy chairman. Mr. R. C. Warden has been appointed sales director. The parent concern is Nolton Estates.

★

The NATIONAL FREIGHT CORPORATION has appointed Mr. John Farrant as managing director, Southern British Road Services. He will succeed Mr. Brian Hayward, now managing director, National Carriers.

★

Mr. E. C. Sparling has been appointed managing director of the HOBART MANUFACTURING COMPANY following the retirement of Mr. H. F. Robson, who remains on the Board. Mr. Robson continues for another year as chairman of the Catering Equipment Manufacturers' Association. Other Hobart appointments are: Mr. G. A. Robinson, as director, administration and finance; Mr. L. Lewin, director, marketing, commercial division; and Mr. P. R. Jones, director, technical operations.

★

Mr. Jerry Pinder has become managing director at MUCON ENGINEERING, succeeding Mr. R. A. Burgoyne, who is now export director.

★

Mr. E. A. Hazlehurst has been appointed managing director of NORTH EASTERN MOTORS.

★

Mr. A. G. Siddall and Mr. G. C. D. Jeffreys have been appointed directors of SECCOMBE MARSHALL AND CAMPION. Mr. P. J. Pooley and Mr. C. A. Chapman have become assistants to the directors.

★

Mr. Anthony Archdeacon, formerly managing director and manager of Barclays Bank SZARL, Kinshasa, Republic of Zaire, has been appointed managing director of BARCLAYS BANK OF SIERRA LEONE. Mr. Roger Risdon, who was western area manager, Banque Internationale pour le Commerce et l'Industrie du Cameroun, United Republic of Cameroun, has become managing director and manager, BARCLAYS BANK SZARL.

★

Mr. Francesco Redi has been appointed by CITIBANK as head of its foreign exchange, treasury and correspondent banking departments in London. He will also supervise the bank's activities in the Channel Islands. Mr. Redi succeeds Mr. Ernst W. Brutsche, vice-president, who has been assigned to Citibank's head office in New York City.

★

Mr. W. C. Young has become president of the INSTITUTE OF PRINTING in succession to Mr. J. E. Reeve Fowkes, and Mr. Gilbert Smith, vice-president. The offices will be held for two years. Mr. Young is joint managing director of Smith and Young. Mr. Smith is chairman of the Waterlow Group, and also sales director of the British Printing Corporation.

★

Mr. B. J. Mallett, until recently chief executive of the Eggs Authority of the U.K., has been appointed general manager of the SWAZILAND SUGAR ASSOCIATION in Mbabane.

★

Mr. P. Brockes has retired as sales director of WRAGBY PLASTICS (a member of McKechnie Brothers Group) but will remain on the Board in a consultative capacity. Mr. P. Walsh has been appointed sales director in succession to Mr. Brockes.

★

Mr. T. Norman Boddy has been succeeded by Mr. F. J. Richard Boddy as chairman of the companies comprising the Carnforth Division of BODDY INDUSTRIES, namely, Ridge Limestone, Withers Limestone, Holme Park Lime, R. O. Hodgson and Continental Motors Carnforth. Mr. T. Norman Boddy retains his seat on the Boards of these companies. Mr. E. Schofield has succeeded Mr. J. R. Alderson as sales director of Withers Limestone and Holme Park Lime and Mr. H. Robinson has been appointed assistant works director of both companies. Mr. Alderson retains his seat on both Boards.

★

Mr. Sidney Waissel, previously managing director of WAISSEL'S, has been appointed joint chairman with Mr. Michael Rosenberg. Mr. Frank Grindell, who joined the company in October, 1975, has been appointed managing director.

★

Sir Humphrey Browne, chairman of the British Transport Docks Board, has been elected president of the INSTITUTE OF FREIGHT FORWARDING in succession to Mr. A. B. Marshall. Mr. J. M. Fetherston is the new chairman in place of Mr. H. C. Wilde.

★

Mr. Nicholas D. Wharton, who started with the London branch of REPUBLIC NATIONAL BANK OF DALLAS at the end of 1970 as a second dealer, has become chief dealer.

★

Mr. E. Bullen, of Cadbury Schweppes Foods, has been elected chairman of the AUTOMATIC VENDING ASSOCIATION OF BRITAIN in succession to Mr. J. T. Syrad of Automatic Catering Supplies, who has now completed his term of office.

★

CHEMICAL BANK, of the U.S., has opened its Scottish representative office in Edinburgh. Head of the office is Mr. Peter Fairlie, who joined the bank in 1974, having previously worked for the Bank of Scotland.

★

Mr. P. H. Pearson has retired from the partnership of E. B. SAVORY MILLN AND CO., stockbrokers, but remains associated with the firm. Mr. N. Pearson, Mr. D. G. Tree and Mr. I. R. Wilson have joined the partnership.

APPOINTMENTS

CORPORATION LOANS

GOURMET

CONTRACTS AND TENDERS

ENERGIE NB POWER

THE NEW BRUNSWICK ELECTRIC POWER COMMISSION
527 KING STREET
FREDERICTON, NEW BRUNSWICK
CANADA

Point Lepreau Generating Station
Mechanical-Electrical Installations

NOTICE OF PROPOSED TENDER CALL

It is the intention of The New Brunswick Electric Power Commission to call tenders on or about July 30, 1976 for Mechanical-Electrical installations on their Point Lepreau Generating Station. This plant is a Candu-600 nuclear generating station located near the City of Saint John on the Bay of Fundy.

The works, which are divided into work packages, include the installation and putting into operation all the mechanical components both thermal and nuclear, located in the reactor containment building; Phase I electrical installation which consists of station service power, cable trays and lighting throughout the plant, installation of control computers and plant communications systems; and the erection of interior structural steel within the reactor building. The equipment and materials to be installed will be supplied by the owner.

It is the intention that this work will be called on the basis of a combination of lump sums, unit prices and hourly rates.

It is anticipated that tenders will be received by the end of October 1976 with work to commence on site in January 1977 and continue over a period of approximately three years.

Prospective bidders are requested to make their intentions known before May 15, 1976 and may request additional information from:

A. W. MacPhail
130 Carleton Street
FREDERICTON, New Brunswick
CANADA (Phone 506-454-0597)

HON. A. E. STAIRS
CHAIRMAN
THE NEW BRUNSWICK ELECTRIC POWER COMMISSION

LEGAL NOTICES

No. 001338 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TRUFORM PLASTICS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 21st day of April 1976, presented to the said Court by CONVER FOAM LIMITED whose registered office is situate at Castle Chambers, Castle Street, Liverpool L2 9SJ, Flexible Foam Converters, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 24th day of May 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HERBERT OPPENHEIMER, NATHAN & VANDYK,
20 Copthall Avenue,
London Wall,
London EC2R 7JH.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 21st day of May 1976.

No. 001415 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MAYFAIR DIAMOND INVESTORS AND MANUFACTURERS INTERNATIONAL LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 28th day of April 1976, presented to the said Court by PRIDIE BREWSTER & GOLD of 2-3 Warwick Court, Grays Inn London WC1R 5DL, Chartered Accountants, creditors of the above-named Company and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 14th day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRIDGES SAWTELL & ADAMS,
2-3 Warwick Court,
Grays Inn
London WC1R 5DL.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 11th day of June 1976.

No. 001421 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WORLDWIDE ARTISTES MANAGEMENT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 28th day of April 1976, presented to the said Court by THEATRE SOUND & LIGHTING (SERVICES) LIMITED whose registered office is situate at Queens Theatre, 51 Shaftesbury Avenue, London W1V 8BA, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 14th day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his counsel, for [illegible]

CAMPBELL HOOPER & AUSTIN WRIGHT,
15 Jermyn Street,
London SW1Y 6LT.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 11th day of June 1976.

COMPANY NOTICES

SOFINA
Societe Anonyme Limited Company
[illegible]

COMPANY NOTICES

NOTICE OF ANNUAL GENERAL MEETING
DISCOUNT BANK INVESTMENT CORPORATION LTD.
16 Beth Hashoeva Lane, Tel Aviv, Israel

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of the above named Company will be held at the registered office of the Company at 16 Beth Hashoeva Lane, Tel-Aviv, Israel, on the 25th May, 1976, at 9.00 a.m. for the following purposes: [illegible]

DR J. GROSS
Secretary of the Company

Notes: [illegible]

THE SWEDISH LAMCO SYNDICATE
S. G. WARBURG & CO. LTD. announce [illegible]

WHATMAN REEVE ANGEL LIMITED
NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the Company will be closed from the 20th to 28th May 1976 both days inclusive.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Useful power taken from the wind

DESPITE the cold water poured on wind power prospects by the Central Electricity Generating Board, work in Britain continues to progress, fostered by NRDC and the Science Research Council and encouraged by U.S. expectations that by the end of the century as much as 10 per cent. of that nation's energy needs will be met by wind power.

Some weeks ago, NRDC announced a method of deriving heat direct from wind power without the need to go through an electric power generation stage. Now, at Southampton University, patents are being taken out on a windmill type which offers marked advantages over others in its category—that of the vertical axis H-type aerofoil.

The Reading team, led by Dr. Peter Musgrove, claims that its engineering ideas are superior to those of a similar Canadian group whose design is being put to the test at the moment through the construction of a 150-foot-high 200-kW unit on Isle Magdalene in the Gulf of St. Lawrence. For this design, it has been claimed that construction costs will be only one-quarter those of conventional horizontal axis windmills, however advanced the latters' aerofoil.

Advantages claimed by Reading are that in its design the blades are simple instead of following an extremely complex egg-whisk-like curve, called a troposkien, and obtained by rotating a rope about a vertical axis. The Canadians chose this shape to counteract bending stresses.

But this, the U.K. centre contends, does not solve the complete problem since in high winds shut-down may be necessary unless the addition of air brakes can cut down excessive speed.

A distinct advantage of the British design of Variable Geometry Windmill is that, as the blades are hinged to the cross-arm, they can incline outwards as rotational speeds increase with wind force, the tie wires being attached to springs. This tends to limit blade stresses and, in fact, in very strong winds, the stresses have actually been proved to decrease.

Guyed tower heights are lower than in the Canadian design, by extrapolation from the existing 10-foot diameter prototype at Reading. Both have the advantage over conventional designs that they can be built on slender towers since they do not need to be oriented into the wind. Efficiency is at least equal to that of the horizontal axis type and a great deal of interest will attach to the operation of the big Canadian prototype and the further work at Reading under the Science Research Council grant.

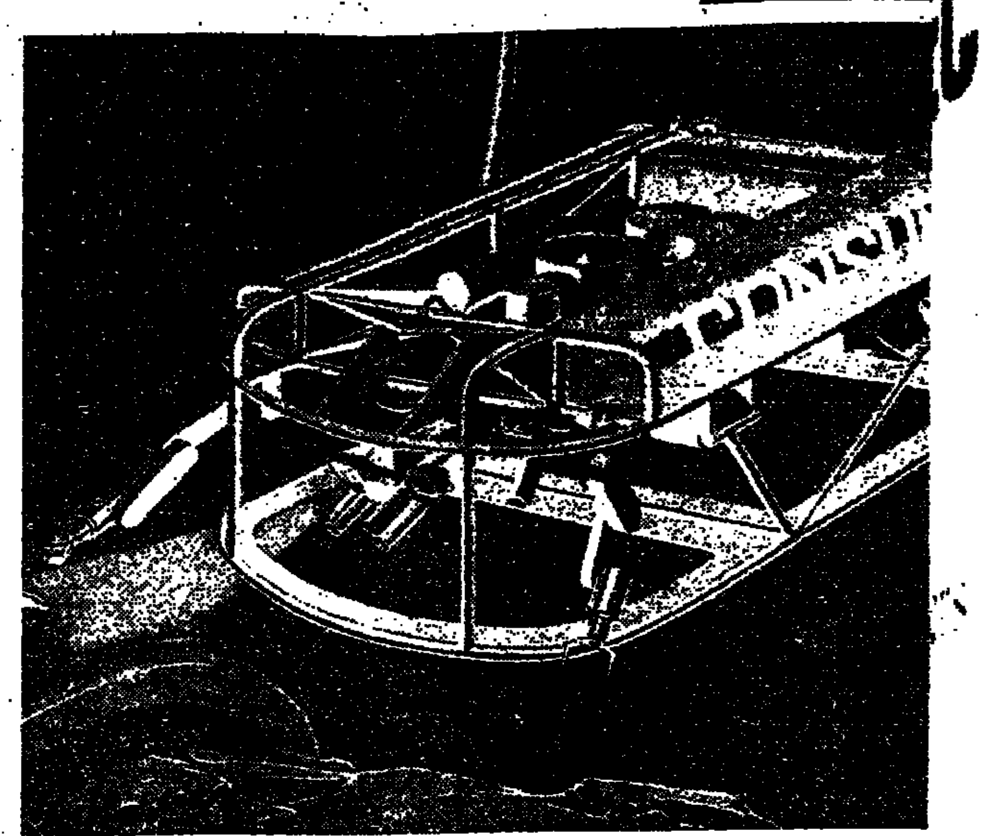
Ventilated bus-bar system

WHAT is described by Tube Investments as the "near monopoly of Continental manufacturers" in the supply of standard production ventilated bus-bar systems will be broken by the introduction by Simplex-Power Centre, a subsidiary, of product ranges for 800 and 1,000 amps.

Bars, trunking and fittings are available and it is claimed that the new system allows relatively fast and simple installation and easier tap-off than types currently available.

In each length the bars are flush with the end of the trunk body allowing simultaneous coupling using a one-piece coupling assembly made from glass-filled polyester DMC with plated copper fish-plates and spring dished washers. The coupler is simply placed over the ends of the bars and a single bolt tightened up. Trunk bodies are joined using eight bolts screwed into captive nuts. The bars have a tough plastic finish.

Tap-off points are at 600 mm intervals and can accommodate fuse boxes with ratings from 30 to 200 amps. More from P.O. Box 18, Brookside, Wednesbury, WS10 0QF (021-556 1260).



BAC is to build a more powerful version of its CONSUB unmanned submersible. CONSUB 2 (above) will cover a greater area of seabed than its predecessor. It will be available for sale and delivery in 1977 following winter proving trials. Less expensive than manned submersibles and more versatile than "single task" units, it will perform many tasks at present undertaken by divers, working from a su[...] to a depth of 600 metres (2,000 ft) [...] currents of up to 2 knots.

● COMPUTING

Card for many uses

INTRODUCED into the U.K. from Switzerland by Borer Electronics is an employee card system that can be used for security, cost control, access restriction, flexible working hours and time accounting.

The usual credit card size of card is employed and the company is at this stage unwilling to reveal the nature of the coding apart from the fact that it is invisible, non-magnetic, non-erasable, and not able to be copied. It is likely however, that magnetic detection of embedded metallic elements is used.

The cards can be encoded with a variety of information and there are four kinds of card checker. The smallest of these is only four inches across and is for company securi[...] tions. A more comp[...] has a numeric keybo[...] security control us[...] fiable area, time and codes known only to personnel.

For flexible time [...] digit display is i[...] normally showing ti[...] card insertion makes [...] show the employee's [...] or credit. More from [...] Road, Twyford, Be[...] 340416).

● INSTRUMENTS

Detector of cracks in metals

TELEDICTOR, Groveland Road, Tipton, West Midlands, has a small edition of portable magnetic particle crack detector for locating surface or immediate sub-surface cracks in ferrous materials.

Type 1010 has a 600 amp AC power supply which is switchable from "off" through ¼, ½ and ¾ to full output. Prods are supplied as standard equipment, the pulse operation switch being an integral part of the handle. Connection to mains supply is by means of a standard electrical plug, and to the testing head by removable cables from recessed contacts at one side of the equipment.

The control panel is mounted into a case which has a separate pocket for housing cables, contact prods, clamps and ink supply when not in use.

Teledictor, Groveland Road, Tipton, Staffs. (021-557 3056).

● SAFETY

Cable will resist fire

OFFERING a high standard of performance and reliability even under fire conditions is FP 200 cable now available from Aberdare Cables, a Pirelli General company.

FP 200 has passed the requirements of the IEC 331 test, in which the cores must be able to carry the working voltage for three hours while the cable is in a flame temperature of 800 deg. C.

Silicone rubber is used for the conducting cores, of which there can be from two to 19. They are contained in a composite sheath of PVC-coated aluminium strip which bonds to the hard grade PVC outer strip during the extrusion process. This construction gives the cable fire resistance, flame retardance, surge resistance, moisture resistance and non-ageing insulation.

Available for voltages up to 600/1,000, the cable will have particular use for safety circuits in hotels, theatres, cinemas, schools, hospitals, offices and public buildings. Installation techniques are exactly the same as for conventional wiring cables. More from the company at P.O. Box 1, Aberdare, Mid Glamorgan (068588 2146).

● HANDLING

Packs the waste at speed

CAPABLE OF handling up to 3 cubic metres of unsegregated refuse per minute, a waste compaction system has been launched by Anchorpac, Bell Lane, Amersham, Bucks. (02404 3581), which claims it has a 95 per cent. higher throughput capacity than other machines of its size.

Designated the P-920/S, the system has a thrust of 22 tonnes and depending on the materials handled has a compaction ratio of about 6 to 1, on unsegregated refuse. The waste is packed into sealed containers. Charge box capacity is 1.6 cubic metres.

Two versions are available—one with a 51-second cycle time for applications where waste generation is not continuous, the other with a 32-second cycle to serve a transfer station dealing with waste on a continuous basis.

Getting all shook up

SIX FLASKS simultaneously can be handled on a wrist-action shaker introduced by Townson and Mercer, Beddington Lane, Croydon, CR9 4EG (01-684 6262).

Maximum flask size is 500 ml. (with not more than 250 ml. fluid in each), and the oscillations can be electronically adjusted between 150 and 500 movements/minute. The unit is driven by a 100 W electric motor. It weighs 11.5 kg. and is mounted on four rubber suction feet for stability on the bench and to reduce operating noise.

IN BRIEF

● Distributor of metal cutting saws and precision measuring instruments, Alexander S. Newall Machine Tool Company of City Road, London, has installed a Logabax 2600 to handle invoicing, sales ledgers and credit control, for the same day despatch of up to 1,000 items from stocks of more than 10,000 product lines. It provides daily and monthly reports on which stock control and bonus scheme payments are based. The purchase ledger will shortly be added. (01-965 0061.)

● First user of "Pensad," a computerised pensions administration scheme developed by GMS Computing of Sheffield is Johnson and Firth Brown (Trustees). Pensad is producing staff pensions records on microfiche so that any member's records can be retrieved in seconds. (01-684 4006.)

● A package to enable banks to offer a complete investment management service to private and corporate clients is to be developed by CMG City of London under the name "Secure." Designed in conjunction with a number of international banks it relies on experience built up by CMG in developing investment portfolio management systems for pension funds and insurance companies. CMG on 01-481 3881.

● Varian announces a further software package compatible with the Total database management system. "Pronto" provides an on-line multi-access facility for Total. (01-437 6288.)

● Anderson Jacobson has a high speed intelligent printer terminal which can handle graphics as well as text. Model 832 has its own microprocessor, wide carriage daisy wheel printer and typewriter keyboard as well as 256 character line buffer. Data communication rates range from 10 to 30 cps. Walton-on-Thames 44439.

● Imtec's new desk-top COM reader/printer will produce a copy every four seconds on A4 or A5 paper from th[...] format. It has a ran[...] for all COM require[...] are very simply inse[...] placement lamp. T[...] make positive prints [...] positive or negative [...] (02755 4370).

● As anticipated, IB[...] a number of improve[...] bank equipment und[...] finance communicat[...] particularly to the [...] which are being given [...] file storage capacity w[...] vision of more cap[...] files and 56,000 ch[...] user-programmable s[...] gether with floppy dis[...] design permitting ac[...] six to nine times h[...] hitherto. (01-935 6600)

● Warren Point is [...] bureau service on a [...] discs, teletypes, VDU[...] on-line peripherals. [...] full software design [...] services are being ma[...] for DEC and other eq[...] well as micro [...] (043871 6055).

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FINANCIAL TIMES REPORT

Tuesday May 4 1976

ELECTRONICS AND AUTOMATION

At a time of changing electronics technology European countries are in a position of unhealthy dependence on the U.S. Although Europe's innovative capacity is well known, it needs to be harnessed through greater co-operation. Licence agreements are not an adequate substitute.

Makers need clear policy

By Ted Schoeters

ALTHOUGH FINAL figures for the year are not available, it appears from the lightheartedness at the Department of Industry that the capital goods side of the electronics industry put up a remarkable showing in exports during 1975 and one which seems to have continued well into the present calendar year. But given the fact that U.K. electronic equipment is as good if not better than that of other countries, the picture would have otherwise been one of unimitigated disaster, especially with the pound so low.

The home market was virtually stagnant in most areas but the surplus of exports over imports at the end of 1975 is believed to have exceeded the previous year's favourable balance in electronic capital goods, other than computers, by many millions of pounds.

Computing equipment continues to be a problem for the sponsoring Ministry, with 1975 trade balances in the red to the extent of over £140m., it is understood. This compared with £135m. in the previous year and viewed in the most favourable light might possibly indicate a plateau if the decline in the value of sterling is taken into account.

Whatever the interpretation, it is still essential for Government to keep a close watch on the amount of real manufacturing taking place in Britain, particularly at a time of high unemployment. It is clear, and has been so for the past five years, that far too many plants have been set up in the U.K. They are almost "token presences" in which the work carried out gives minimal added value to the end-product.

Indeed, there is a very great danger, because of the continuing stalemate in computing equipment, that the new objective of expertise in the later data processing technologies, involving advanced memories, microcomputers and the peripherals appropriate to these and to minicomputers, will be lost sight of by Government.

Understanding

The technology scene is changing very fast. Not to be left too far behind, GEC and Plessey have reached agreements with separate U.S. makers of microcomputers which will steepen their learning curve while giving the U.S. suppliers a faster entrée to applications.

Agreements reached between Motorola one the one hand and Computer Technology on the other, under which CTL provides a powerful engineering base and nationwide support for Motorola's microprocessors, can be viewed in the same light.

Meanwhile, because it has a better understanding of where data processing in its widest sense is going, Computer Analysts and Programmers have decided greatly to expand the support services for microprocessor users and would-be users announced towards the close of 1975.

CAP has taken current trends seriously enough to hive off a new software house called MicroSoft — the first in the EEC area entirely destined to provide support for microelectronics activities on the software side, whether they are designers, product assemblers, manufacturers or distributors. This new unit encompasses the Microprocessor Group which has carried out some important work for Government and industry in its few months of separate existence.

These jobs include advice to a big oil company on the use of instrumentation networks based on micros, developing an assembler for Plessey's "Miproc," studying the application of large scale integrated circuits for the Royal Aircraft Establishment with a view to flight simulation and examining the use of micros in navigation systems. The company intends to have in operation by the autumn an instrumentated software development workshop for a variety of processors.

Significantly, CAP's explanations of why it became the first to set up such a service in Europe runs on the theme of the present almost total dependence of the European countries on the U.S. for devices such as the micros, although there is a smaller dependence in solid-state memories. To avoid a similar dependence on end-product imports means that Europe must develop its own local capability, CAP asserts.

This is all patently true. But the extent of the U.K.'s and for that matter Europe's dependence on imports has to be realised so that the efforts of people like CAP can be put into the proper perspective. Perhaps there is no better way of illustrating this than by referring to the recent census of computer populations in the U.K., compiled by Pedder Associates from DoI and other sources with the close co-operation of the National Computing Centre.

Passing quickly over the larger general purpose computer market where ICL leads IBM in numbers but trails it in value, and turning to the minicomputer market, it is a sobering fact that U.K. companies hold no more than 20 per cent. of the total home market by number against 22 per cent. in 1974. By value the picture is a little better with 29 per cent. of the market held, but against 35 per cent. a year earlier.

Insofar as small business machines are concerned, the picture is even worse, with three-quarters of the market by volume in the hands of Burroughs at 55 per cent. value. U.K. makers count for only 5 per cent. in numbers but 19 per cent. by value.

All these figures are of course exclusive of Singer (U.K.) which would add in retrospect 3.4 per cent. in number and 8 per cent. in value to the U.K.-controlled amounts.

When Pedder ultimately gets round to doing the same kind of census on micro-based equipment—if this is ever possible—no doubt the same will apply.

Assessment

Just how important this possibility is can be demonstrated by some of the assessments of the market made at the recent Salon des Composants in Paris. It is expected that half of all the integrated circuits made in the world in 1980 will belong to the microprocessor family; that is some 15 per cent. will be processors, 60 per cent. memories of one type or another and the remainder input/output devices.

The French admit a very long head start by the U.S. and apart from indicating that most of the European component makers are joining one or other microcomputer bandwaggon give little hope of any early appearance of a purely European source of this type of hardware. The reverse would never be tolerated by the U.S. Government.

This is not at all encouraging even though it can be argued that the intrinsic value of the micros is so low that they are just another component. This argument has been heard again and again, and by successively abandoning large areas of manufacturing expertise, European companies are making it impossible for themselves ever to catch up when such a breakthrough as the micro takes place.

Of course, it is often said that the agreements with successful manufacturers are only bridging arrangements to enable licence takers to catch up in the meantime. But this does not often take place outside, perhaps, Sweden.

Until the European countries are so closely knit that they can jointly undertake such projects as, for instance, the development of Josephson fast switching devices, as IBM is now doing with some assurance that it can be achieved but no clear indication as to when the devices can be expected to appear in user hardware, they will inevitably be subject to technical colonialism.

That there is in Europe the innovative capability good enough to beat the world is instanced every week. The most recent examples of this are provided by Racal through its agreement with Penril Corporation of the U.S. under which the American group will append its brand to Racal counter-timers and frequency meters, at the heart of which is U.K.-developed LSI chip technology. There is also the announcement by Philips a few weeks ago of the world's first four-channel portable oscilloscope.

There must be many more such developments before European Government agencies can begin to view with equanimity the constantly growing hold of U.S.-controlled companies on important areas of industrial technology. That multinationals who are selling more outside the U.S. than in the home market will eventually become "good Europeans" is a forlorn hope. The EEC must speak from a position of strength and this can only come from the knowledge that its industries are a match for those anywhere.

Process control advances slowly

ONLY A few years ago process control was seen by many experts as one of the brightest hopes of the computer industry. Forecasts abounded of rapid market development, and it was thought that process control could account for about 5 per cent. of the world's installed base of computers by now.

In the event, the figure has tuprned out to be nearer 1 per cent. The positive reason for this is that business (or "general purpose") computing has developed faster than many people expected, but the negative side is that process control users have been slow to commit themselves to computers.

In the early years, much emphasis was placed on automating entire plants, in large process control installations. Reliability problems in some cases, plus the cost of providing traditional manual back-up, as well as unforeseen software problems, have combined since the late 60s to shift the emphasis towards computerisation of parts of the plant (implying smaller installations) and/or towards systems which combine direct computer control with a high level of information output, enabling process operators to override and manipulate the controls in what has become generally known as a "supervisory" function.

Continuation

The last year has seen a continuation of these trends, accentuated by the investment recession in many industrial sectors. But the suppliers of process automation equipment have not been standing still. Advances in computer technology, together with a more aggressive approach by certain companies (especially GEC and Honeywell) have created more than a ripple among their competitors. If, as it appears, Honeywell has gained a lead of over a year with its new microprocessor-based, distributed control system called TDC 2000, then it could have a major impact. It could prompt many customers to re-think their approach to process control, and therefore upset the calculations of some of Honeywell's competitors.

Of all the established process computer companies, it is Ferranti which best illustrates the shift of much of the market towards supervisory systems. Logging, alarm analysts and displaying are examples of the facilities which are in demand. In what could be called "conventional" process control, the underlying market trend and the investment recession have resulted in Ferranti taking relatively few orders in the past year. On the control and supervisory side, it has received a welcome boost from the North Sea oil business, and—more surprisingly at first sight—from the electricity supply industry.

The generating Boards may be slashing back their investment programmes at central level, but the CEGB's regions, as well as the area supply Boards, are currently automating the control of their parts of the distribution network.

At the same time, Ferranti and GEC are both broadening their market bases—the former by succesfully entering the competition for city road traffic control, previously dominated by Plessey and GEC, the latter by moving into new areas of the steel industry with its new 4070-based system.

But the most significant change in the competitive situation is the re-emergence of Honeywell as a front-line challenger. It is not just Honeywell which considers that its TDC 2000 puts it ahead of the competition. The question is whether many potential customers in the fields at which it is initially aiming—mainly chemicals, petrochemicals and petroleum—can be educated sufficiently quickly to the advantages of an almost all-digital system, with distributed intelligence in the form of microprocessor controllers, in place of the traditional lay-out of central intelligence, a process computer, with unintelligent analogue controllers.

Honeywell has so far revealed eight European orders, three of which fall outside its original target area since they are for pulp and paper mills. But an executive in one of the competing companies still claims that it may take till the end of the decade for distributed, microprocessor-based systems to become the rule rather than the exception.

The fact that the Honeywell system is the first of its kind, and that its competitors are looking particularly closely at its specifications, means that it merits fuller treatment in a survey such as this than other individual products. Although it can be used with a minicomputer at the centre, basically in order to raise the level of supervisory output, its attraction is in its simplicity—in terms of both installation and software.

Honeywell claims that the cost savings on a large system could be over £500,000. Since this approaches the top price it has quoted for the TDC 2000, it is claiming by implication that it could cut by over a quarter a customer's capital costs, compared with a conventional system. On smaller systems, the savings would be less, since they mainly accrue in savings on the purchase and installation of miles of wiring. This is dispensed with by use of a digital data highway (a concept also adopted by GEC with its MEDIA system). The other most significant saving is on central control room space. Honeywell has not yet attached a figure to operating savings, but these could arise if, as it claims, TDC's digital diagnostics keep downtime to a minimum.

Advantages

The modularity of the system's constituent parts, and the fact that the controllers can be programmed at the last minute, offer advantages in the initial installation phase. The use of distributed microprocessors, each controlling one small section of the process, also means that process development as the years go by does not require the replacement of hardware.

Although the initial announcement claimed that TDC 2000 could control "any industrial process, regardless of size or sophistication," Honeywell admits it will not be used for the smallest schemes. In some cases, as few as 30 loops will justify it, according to the company, but in others only a larger system will be justifiable—the exact point depending upon the complexity of the control strategy, the required degree of flexibility, the anticipated amount of expansion, and the layout of the site. A basic control package is listed at £7,500.

The history of process control suggests that it will be a good year after on-site operation at several customer sites before the full range of any snags is appreciated — by Honeywell's competitors, at any rate.

Christopher Lorenz

Designers seek computer aids

TWO TECHNOLOGIES are working towards each other. The first is graphics, the second is automation of design and production. Theoretically, the gap can be bridged now, but only *by the spending of more money* than could possibly be justified, on any real project, even a military one.

Eventually, go the dreams, designers will sit down at a CRT terminal, which is connected to a warehouse and factory. Working with (already existing computer software for graphics, a design for anything from a motor torpedo boat to a mechanical excavator, a delicate medical instrument will be produced.

And while the light pen traces on the video tube, the computer will analyse the size, scale, stress, and other material requirements (software of this sort exists), and relate it to the materials database, the work schedules, and the machine room.

Purchasing decisions, shop-floor layout, machine tool conversion, chemical plant and on and on, all come out of the co-ordinating computer, feed themselves into the automation plant *at warehouse and factory*, and the product just "grows itself."

Forgetting the practicality or even the desirability of getting such a science-fiction nightmare running, the fact remains that many of the first steps that *would be needed to start down* the path of total design-to-production automation, have already been taken.

The vital limitation is that each particular step is inherently limited in its proposed *scope*. For example, the production of basic drawings for the average small, mechanical engineering company, involves mere accuracy in two dimensions. The idea of putting a pocket calculator on the tee-square is about as far as one would want to go in providing interaction between man and paper.

Even curved parts can be "automated" at the design stage by relatively simple CRT displays and support software. It is becoming easier to produce a part and then subject it to computer vibration analysis, than to design its stress levels theoretically in advance.

Lucas are a good example of this pragmatic approach, as the company is now working on vibration analysis of engines on to which its parts must fit, and then playing the vibrations back on to the parts to see how they stand it.

Shapes

But deciding the shape of the part in advance is not always obvious, as anyone will know who studied the design of the Concorde wing. It may be necessary to be equally "pragmatic" on initial design, by putting various trial shapes into wind tunnels, and analysing performance. But on aero design problems start outside the wind tunnel.

At a recent conference Mr. Peter Aughton of BAC in Bristol pointed out that defining in computer and digital terms the best shape of a part required very sophisticated computer analysis, because of the fine tolerances to which the manufactured part would have to conform.

As a guide to the resources consumed, BAC's Numerical Master Geometry design system has been put on to an IBM computer using a language called APT140 — the 140 "implies that it will run in a partition of the 140 Kbytes." And BAC is very pleased with itself in *reducing* the figure to 140. On top of that, Mr. Aughton offered his estimate, that production of components of this complexity covered 5-10 per cent, of the component count only—but the bulk of the cost.

Finally, there is no computer peripheral to which, or into which, a wind-tunnel model can go for analysis. To operate NMG, you still need a skilled loftsman, and he is defined by Mr. Aughton as someone with enough "grasp of three-dimensional geometry to apply the correct holds when laying-down the original splines," which must be defined as representing the surface boundaries.

But it has all been done, despite the effort and the cost, and it goes further. Another company, Hawker Siddeley Aviation, is faced with a very similar set of problems, currently solved in a similar fashion (with a *big ICL 1906A* computer)—but is now moving towards development of a mini-computer based "second-generation" design systems.

Mr. G. E. Bishop and Mr. Roger Killick of HSA told the conference that there were relatively few examples of "comprehensive but expensive interactive graphics systems driven by a large mainframe computer," and that such installations have *tended to be limited to very* specialised applications, or to pilot systems. Generally Europeans regard them as insufficiently cost effective.

Investment

This is despite the incredible amount of software investment inherent in some systems which represent the experience of the last ten years. One feature includes software which has taken *approximately 200 man-years to* develop and is available, say the HSA men, at a cost equivalent to 10 man-years. Unfortunately, "neither it nor any others reflect the full and sophisticated requirements" of HSA. By doing *in-house software for mini-based* systems, HSA expects to go one step further in the state-of-the-art, by providing more than just a drawing office tool.

As at BAC, the HSA system is designed to provide digital information for direct input to production control processors. But it is intended to use the single "geometry system" for areas outside design, graphics, production and so on; and the areas aimed at are simulated wind tunnels, fluid motion cal*culations, detailed stressing, and* weights estimation. One look at the HSA application, however, is enough to show that it is still beyond the dreams of most engineering companies.

Most designers, when faced with a discussion on this level, tend to become impatient, and refer pointedly to the fact that the company's budget has been spent on (very essential) plotting equipment, leaving only a *few hundreds of petty cash for* assistance in preparing the input.

In this context, it becomes clear why Hewlett-Packard have spent the time and effort required to produce pocket pro*grammable calculators — and* why firms like Texas Instruments have followed. HP produces two pocket programmables, much in demand in design work, and Texas has recently followed suit with a pair *of machines, which are very* close in specification and price. Both companies offer a wide range of software in the design field.

HP provides some 25 programs developed for its HP65 programmable calculator by its own staff. They are aimed at structural engineers with routines such as vector statics, section properties, interference fits, stress analysis, flat-plates, beams and columns, and so on. Similar packages *are available* with electronic and electrical engineering applications, machine design, numerical control, and so on. Most important, this stock of HP produced software has already been supplemented by a users-group stockpile of more than 1,000 user-generated programs, all submitted over the past two years.

It takes very little effort to foresee that the development for the next few years is likely to be between the minicomputers and the calculators. IBM has just climbed into this field with its 5100, Hewlett Packard has its 2200 PCS, Olivetti its PC6060 —supposedly all are portable, calculators, with VDUs and interactive languages. But the most significant contender must be Tektronix. This has always been the name to conjure with as far as graphics are concerned. Its terminals have been increasing in intelligence over the years, and the 4051 is not yet a year in the market.

But with interactive BASIC, often APL as w-", plus the ability (actual or potential) to link with a main-frame computer, these machines must be the obvious area for electronic sales to designers. They are powerful, personal tools price inside the budget of design rooms, and realistic applications potential.

If "realistic applicati potential" sounds a n *it still seems a lot more* to predict growth in t than to talk about "omnivac" production (however theoretically through extrapolation).

After all, the "ca terminal" does bridge duction-to-design gap, trying to pretend tha intervention is unnece even undesirable. biggest worry abo apparent trend to tota tion must be the wor projects coming ou machine, instead of company, and of produ design is almost too c right.

Guy F

Testing problem grows acutely

WHEN THE first attempts at particularly tight packaging of discrete components in various devices, mainly for the military, began to run into trouble and it was becoming clear to some that integrated circuits would become increasingly complex, a few leaders in the electronics industry, among them Dr. F. E. Jones, of Mullard, were saying that testing of these devices would ultimately become a major problem for manufacturers and users alike.

Now, when 4000 transistors on a circuit chip is commonplace and Intel is talking about the first real "computer on a single chip"—that is a device having computer logic, memory and input/output in the same integrated circuit—for sometime this year, the testing problem is becoming much more acute than anyone ever foresaw.

This is the main reason for the growth of an industry largely devoted to manufacturing equipment which will easily adapt itself to the testing of a whole series of different devices, however complex, providing the maker or the assembler with a log of performance and, when required, an indication of where the basic process is failing.

The automatic test equipment (ATE) industry now represents a significant sector of the U.S. capital electronic goods market and while ATE once was virtually the sole preserve of the component makers, the sector has seen some rapid changes in technology, and other companies have emerged. Teradyne, a company set up solely to make and sell component and circuit testers for the electronics and telecommunications industries is one of these.

Leadership

Teradyne claims world leadership in the manufacture of semiconductor testers, second place in those for printed circuit boards and rapid growth towards leadership in consumer electronics test gear. Of course, the 1975 recession has played havoc with this area and the company has seen its earnings plummet to a four-year low of $566,000 from the 1974 record of $8.7m. With the U.S. recovery on the way and a European recovery confidently expected for the end of the year or early in 1977, this year's sales of ATE are likely to improve enough to provide a far better earnings figure, bearing *in mind that something like 30* per cent. of its products go for export mainly to Japan and Europe.

In Europe, the leading manufacturer of test equipment is British-based Membrain, but several British companies have been involved in the development of complex device testing gear for years, aimed mainly at the military systems market. They include BAC and Marconi as well as Hawker Siddeley.

One competitor in the testing area whose reputation for high quality is giving it an enviable growth is Hewlett-Packard. This company has just designed a microprogrammed test unit for many types of integrated circuits which can easily be used by an unskilled operator yet has facilities normally available only on large computer-controlled test machines.

To test a device, all that is needed is the insertion of the appropriate pre-programmed magnetic card. A thermal printer will record detailed failure information where required.

Need for high reliability, *particularly in expensive and* complex equipment such as instruments and computer hardware has made mandatory standardisation in inspection, testing, quality assessment and handling prior to sale of elec*tronic components.*

The answer to this need, BS 9000, has been evolved over a period of time which can be measured from the two years 1963-65 when the Burghard Committee was first set up to *devise common standards for* active and passive components. A number of U.K. companies, prominent among them AEI at its Lincoln centre, helped to develop the system against considerable opposition from both Europe and the U.S., and it is now becoming an important factor in the U.K. electronics industry.

BS 9000 covers both military and non-military applications and it would be quite wrong to describe *it* as "just another military and therefore expensive system," even though the Ministry of Defence stated on July 31 last year that it was Government policy "to make the maximum practical use of the BS 9000 system for electronic components in order to encourage the growth of the scheme for the benefit of Government and industry."

As matters stand, equipment designed and developed for the military must make maximum *practicable use of components* coming under the system, the overall benefits of which are such that increases in prices or delivery times do not automatically rule out conforming components.

Preference is being given to such private venture and standard trade equipment presented against military requirements which makes the most use of BS 9000 components.

Because of the importance, *still, of the military budget,* especially in electronics, this practice will undoubtedly have a considerable effect in the long run. It will result in the provision at reasonable cost of components whose ratings and characteristics are clearly and unambiguously stated and checked by continuous quality assessment tests, many of which are made before the devices can actually be sold.

Specifications are clear, concise and give precise data on mandatory electrical, environmental and life testing procedures. There are clearly defined sampling inspection levels and acceptable quality levels and the specifications, unlike many other systems, do not permit deviations. If a component does not meet the minimum standards, it fails and cannot be called a BS 9000 device.

Purchasers can buy BS-approved devices from stockists who have been given the appropriate approval and there is a system of independent approved test houses.

Assurance

For the manufacturer and the user of his products, the existence of the system means a far higher degree of quality assurance and confidence in the product containing the conforming components. The amount of checking at goods inwards is considerably reduced and the designer can operate with a far greater degree of assurance than with non-standard components.

But the system does not end here since, for the components producer, there is a clearly laid down pattern for the whole quality control operation with specifications for inspection and test facilities. Ability to meet the standards has to be shown to the satisfaction of and independent supervising inspectorate before the company can be listed as an approved supplier.

The British Standards Institute is deeply involved in the scheme and has published a component selection guide which lists all purchasing detail specifications against which approved components are available, listing all approved manufacturers, distributors and test laboratories.

The manufacturer is subject to an ongoing requirement to publish the results of his quality control tests and to give extensive details for each component sold.

Conformity with the BS 9000 system does not mean that a *producer or user automatically* is put in a straitjacket that will make difficult acceptance of any pan-European system, such as that described as the Cenel Electronics Component Committee (CECC) system. On the con*trary, the familiarity* with quality control and testing procedures acquired with BS 9000 will make the small changes to CECC of negligible importance.

The U.K. adoption of CECC is known as BS E 9000 and approval to BS 9000 will be acceptable within it. Only differences in the requirements between the two systems will have to be considered in granting approval to the European system.

This situation must undoubtedly contribute in the long run, to a growing together of European industry.

Ted Schoeters

obots

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New fields to conquer

IT IS difficult to overestimate the significance of the success of the electronic pocket calculator for the electronics industry in general and for the semi-conductor industry in particular. It has accelerated the search for perfection in the originally esoteric technologies from which it was derived. It has generated within the industry a wealth of experience in new marketing techniques—a combination of the rather individual tactics devised by the industry in its entrepreneurial days of the 1960s and more traditional retailing skill.

However, the semi-conductor industry represents the ultimate in mass production, where the output of its products are numbered by the tens of millions per week. It is an industry which thrives on growth—a stimulus which, in spite of the boom in calculator sales, it has been denied to some extent in recent years. The calculator then is not, by itself, enough to support the worlds semi-conductor industry and it must find new fields to conquer.

Already, after a somewhat slow start, success is in sight for the manufacturers of electronic time pieces and particularly wrist watches. In the main the most successful are the vertically integrated semi-conductor houses—those such as National Semiconductor and Fairchild—with the total capability to design and make the integrated circuits, the solid state or liquid crystal displays, to assemble them into an electronic movement module, to insert this in a well designed case and then market the finished product either through traditional retail outlets or even direct to the consumer.

Others, though, are content to continue in their original role as suppliers of components to independent equipment manufacturers. Nevertheless, it will be the semi-conductor industry that will to a very large degree determine the nature of the next device to become a mass seller. Most electronic design expertise now rests with the semi-conductor houses rather than equipment makers, certainly in the U.S. if not in Europe.

Although the precise nature of each of the new wave of consumer electronic products is a commercial secret, jealously guarded by its eventual promoter, it is possible to speculate. Technically, virtually anything is just about possible to-day. However, the marketing men of the semi-conductor industry, even though they are not short of imagination, are more concerned with the practical than the practicable.

Thus the new products must be realisable with techniques from which relatively high yields are obtainable, that will require only the minimum of labour content in their assembly and for which there is a mass market with an easily established or existing distribution system.

With all these factors in mind attention is being focused on the television receiver, not so much with a view to making the sets themselves—the single chip colour TV is still in the realms of the barely practicable—but to the development of a demand for "add-on accessories."

The logic behind this is clear. The domestic TV receiver, especially if it is a colour set, represents a considerable capital outlay. For most of its time it sits either unused or capable of providing only such information as the various broadcasting organisations care to transmit to it. So far, the viewer (as the user is generally known in this context) has absolutely no control over what is fed into his set, and only minimal control in the selction of what comes out.

Potential

With several hundreds of millions of TV sets now in use around the world, and more being bought each year, the potential for the marketing of any product that converts the viewer to a user is obvious. The problem is first to define the type of use to which a TV set can be converted and which is at the same time easy, cheap and, most important, has appeal to the consumer.

So far three basic category of accessory have been identified. The first and most obvious continues to use the TV receiver for the display of moving pictures, but with the input signals very much under the control of the user both in terms of content and the time at which he may play them back. Secondly, there is the adaptation of the TV set to act merely as the means of displaying locally generated graphical information. The third involves the use of the TV set as a terminal by means of which the user may gain access to a remotely located computer controlled information store.

Of these the first appears to have attracted the attentions of the set makers themselves, the second has the appearance of being the most successful in the short term, and the last is still really only viable in the minds of its originators, the organisations responsible for the generation and or transmission of information which the screen could be used to display.

It is then the second of these "TV Add-on" categories—for graphical information—which has aroused the interest and involvement of the semiconductor industry. Ultimately, it alone has the power to make the required electronic circuitry cheaply enough, and it is mostly interested in products which allow the TV screen to become a games board—the "Video-game" in fact.

In the U.S.A. the video-games industry has about 17 companies which have announced that they are making, or will make, games. Most are expected to show their wares publicly for the first time at the forthcoming Consumer Electronics Exhibition in Chicago. However, it seems that the majority of companies attracted to this business so far are of the small, low investment, type.

But, like the calculator, the video-game is likely to be a product where ultimately a single semiconductor device may be the most important single component. It is predicted that the semiconductor giants will soon become directly involved. Indeed, Fairchild has recently taken over or signed licence and marketing agreements with two companies who have expertise in this area. National is reported to be not far behind, while General Instruments, AMI and Texas Instruments are already producing specially designed games integrated circuits for equipment makers.

This market, although apparently attractive and in many ways easier to approach than either the calculator or digital watch businesses, has pitfalls not before encountered. For example, there is the technical problem involved in the method used to carry the signal from the video-game to the TV set.

Currently access to the TV set is via its aerial socket. This requires the video-game circuitry to incorporate components which can generate the ultra-high frequency carrier signals which can be received by the set. Apart from the additional complexity and cost involved there is also the potential difficulty arising from the fact that the game now becomes in effect a miniature television transmitter. If not very accurately aligned and maintained it is a source of radio interference with other nearby equipment.

The answer, of course, is to provide the TV set with a separate "video" input socket. However, this can only happen if the TV set makers are inclined to design such a socket into their new products. And so far the set makers have generally chosen to concern themselves with the manufacture of TV-add-on equipment designed to allow the reproduction of colour moving pictures. This equipment would, of course, be competing for the same proportion of the consumers' disposable income. Significantly, perhaps, the only set maker involved in the video games market, Magnavox in the U.S., has recently advised all video games makers that it is claiming ownership of patent rights to all electronic games connected to TV set aerial sockets.

Lesson

If the semiconductor industry is about to be taught a lesson by the TV receiver makers closing ranks on them over the video games market, then perhaps the set makers themselves should become aware that the success of both the calculator and the electronic wristwatch was measured not only by the impressive sales growth of these two products but also by the demise of a large proportion of the industry previously engaged in the manufacture of their mechanical predecessors.

It is just possible that their approach to the storage and reproduction of images—based either on the video cassette or on the video-disc—will not in the end represent the most cost effective and attractive methods, being too largely dependent on linear developments of older technologies originally developed for audio recording.

The first sign of a better way to achieve the permanent storage of video signals is the emergence of a company called Digital Recording Corporation. Based in Scarborough, New York, DRC has devised and patented a technique for recording 30 minutes of full colour TV programme on a flat card measuring 5 inches by 7 inches. The machine itself makes use of digital circuitry very similar to that used in calculators, and very simple low precision mechanical and optical components. Estimated manufacturing cost of a consumer version of the record player is around $120, with the record itself costing less than 25 cents to manufacture.

This type of machine is likely to be representative of the next-but-one consumer electronics product, after the video games busines has stabilised. By that time—say, three to five years from now—there will be indications that the TV receiver itself will undergo a drastic revision. The development that will trigger revision will be the long awaited flat replacement for the bulky cathode ray tube.

Already there are signs that the achievement of such a device is within grasp. Significantly, though, it is companies such as Hughes Aircraft, Westinghouse Electric and Texas Instruments that are nearest to the objective and which are most likely to seize the initiative in the design of low-cost, multi-function and, probably pocketable, TV sets that the flat screen will allow. The existing TV companies have too many millions invested in the production of tubes.

The idea of the flat screen being so near should not be lightly dismissed. Westinghouse Electric intends to commence production of a flat solid state display panel within the next 18 months and promises prototypes by mid-1977.

Although designed for the display of alpha-numeric and graphic data, the panel in question is based on a developed device with 12,000 picture elements, which measures 6 inches square and which can display monochrome half-tone pictures.

Peter Fletcher

Robots are coming

ALTHOUGH THE profitable manufacture of general robots is still rare the prospects have suddenly brightened. The situation has been likened to a technology traffic roundabout where several separate series of improvements are mixing together to form a powerful and fast moving stream.

First, there is the irresistible rush of electronic component developments. Especially significant is the basic fact that the advent of "computers within a single component" have lowered many cost barriers. What was an unthinkable waste of electronics applied to an industrial work station is now an inviting opportunity to apply electronic design skills for increased productivity.

The scale of change in this area can be illustrated by the confident assertion of the makers of microcomputers that in the next two years more computing processors will be delivered than have been delivered in the previous 20 years of volume building of computers.

Devices

Allied to this technology stream is a second series of gains in the industrial use of all types of electronic circuits. The new devices available are inherently more suitable to practical industrial environments because of increases in toughness and much greater "mean times between failure."

Not that the installation of robots or other electronic products will easily become a simple matter. The amount of static developed in many factories has been a nasty shock for many engineers who had previously checked out a design in a more peaceful workshop arranged for electronic products.

The European subsidiaries and licensees of the U.S. based firms in industrial robots—Unimate and Versatran—are particularly skilled at adapting products to the maintenance skills available in European plants which are different from those in the U.S. In addition, the Swedes with ASEA and Electrolux making automation and robot products claim that their designs have been refined to match the most severe environments. In the U.K. Hall Automation of Watford insist that its staff's combined 100 years' experience in installing robots and automation units is one of the key factors in the success of the company.

But a notable third stream of technology comes from the combination of computer science and general computer automation experience. The definition of a robot is now thoroughly blurred by this particular development experience. For what is one to make of a control system for navigating driverless trucks round a warehouse from a computer-based signalling system?

The special virtue of computer experience in applying automation to industry lies in its ability to deal with a multitude of alternatives and conditional responses. For instance, the standard robot used for welding on a car assembly line tends to go on trying to weld air if the flow of bodies is held up for any reason.

This static and rigid use of automation is no longer necessary and is transforming the fields where robot-like products could help industry. Research is going on in a number of European and U.S. centres to pull all these streams of technological advance together to improve the working conditions of plant workers while achieving large gains in sheer productivity as an incentive for investment in the new super-robots.

Interestingly, the head of IBM's Automation Research, Mr. Peter Wills, disclaims any stance in robotics research and insists that it is purely automation that is under study in the Yorktown Heights laboratory of IBM. In contrast, some U.K. university centres regard similar efforts as a straightforward extension of past robotics studies.

IBM is fairly typical of the newer efforts in robot-like devices. Its effort is aimed at the complexities of assembly work. This type of work frequently creates physical stress symptoms in workers as well as problems in controlling the quality of new designs.

Assembly

As a starting point the IBM studies are fixed on the assembly of products such as carburettors or typewriters which is often set up by feeding kits of parts to each workstation. The research interest comes from making sure that missing, or incorrect parts cannot hold up the assembly operation. This means that not only must the controlling computer be able to make conditional moves but it must know what description stored in its memory matches the finger-like sensor's response as it attempts to pick up the proper part. When there is a mismatch something sensible must be done. It is not a trivial matter to describe mechanical parts in the first place and it is still further complicated by matching these descriptions to sensor responses. IBM does not claim to have established any product feasibility yet from its assembly automation research project, but it is continuing to work on it and this hopeful attitude is reflected by European study groups having similar aims.

For suppliers of more conventional and off-the-shelf robots, such as ASEA, the studies of current microprocessor abilities are crucial to their product developments. The extra power of complete computing systems as a control basis for these units means that different abilities can be produced from a single basic production line. This increases the useful potential of robots without raising prices to unacceptable levels. ASEA has bought test examples of every available microcomputer to evaluate against existing logic designs and to satisfy itself that there is a profitable route to evolving highly modular products.

Part of the new modularity derives from a more varied set of ways to "teach" robots what actions to carry out. The most well tried way involves a simple system of playing back from magnetic tape a set of movements carried out in the first place by direct manual functions via the robot "arms."

This is fine for broad brush industrial actions but is less satisfactory for detailed adjustments and precision tasks. These may now be set up through based functions using three-dimensional geometry descriptions where they can be expressed soundly.

This approach makes for a wide range of alternative sequences either at a single work station or at a series of stations which may be grouped differently for different product batches. This tends to remove one of the great restrictions on the use of early robots which only fitted really big volume lines of production, such as car assembly plants.

There are still many problem areas to be attacked through the use of more computing power and cheaper storage in electronic form. The ability of sensors fitted to robot arms is still unsatisfactory for assessing the quality of a continuous weld, for instance, and this leaves a lot of work to be done in inspecting groups. Few robots combine activity arms with quality checking devices on the work carried out in a conveniently organised station series for existing plants.

This is one reason why Mr. Douglas Hall, of Hall Automation, insists that general automation is a better set of abilities to market rather than simply finding ways of using any particular design of robot. Some of the plant installations his firm has carried out are pure automation rather than a development of robotics. In particular Mr. Hall cites lower costs for production system changes as the main motivation behind their installations.

The U.K. is fortunate in combining good general automation experience with specific industrial knowledge of robots in plant conditions. In addition the computing service industry is prepared to help in product development.

Hedley Voysey

PARLIAMENT

Tories attack Finance Bill 'noose' on enterprise

Pressures easing . . . but still 18 months to go, says Healey

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

WITH A declaration of confidence in the developing situation for the economy and for sterling, Mr. Denis Healey, the Chancellor, yesterday told the Commons that all the statistics of the past month confirmed the continued improvements.

After the pressure of recent weeks on sterling, the exchange markets realised that "there will be a satisfactory pay deal and that sterling is now very competitive," said Mr. Healey, when he vehemently rejected Opposition criticism of his Budget proposals during the second reading *debate on the Finance Bill.*

Sir Geoffrey Howe, Shadow Chancellor, condemned the Bill for placing a noose round the neck of *enterprise* and placing an increasingly unbearable burden of direct taxation on almost every section of the community.

But Mr. Healey, reviewing the course of the economy, contended that most of the correction necessary to take account of the oil and import price increases in previous years had now taken place.

He acknowledged, however, that this correction would mean that over the next 18 months, living standards would decline by perhaps one or two per cent.

"This is part of the unavoidable price we have to pay for getting unemployment down," said the Chancellor.

Prices in 1977 would be influenced by recent movements *in the exchange rates and by the* impact of pay increases during the current round. It meant that there would be a good deal of upward pressure on prices in 1977. So pay increases must not add to that pressure.

Reality

On the other hand, notable pressures were easing. The March surplus on our current balance of payments had been more than satisfactory. The March figure for the money supply had shown an increase of only ½ per cent., *bringing* the growth over the year to 8½ per cent. And we had just begun to export North Sea oil.

The level of wage settlements would determine not only how far and how fast we could move towards a rate of inflation at least comparable with that of our competitors, said the Chancellor.

The pay deal would also determine how rapidly we could bring down the level of unemployment and how soon the whole community could once again benefit from higher living standards.

The Government, unlike its *predecessor, Mr. Healey maintained,* had based its strategy on the reality that co-operation and not confrontation was the only way forward.

"This has enabled us to help the trade unions by guaranteeing that, through reduced income-tax, the working population as a whole is no worse off by accepting a low, rather than a high pay limit.

"And it has enabled trade unionists, who must reach a decision on the new pay limit, to do so in the full knowledge of all the advantages of making it as low as possible."

*The Chancellor rejected con*tentions that his proposals were too complex to be generally understood. He cited opinion polls as evidence that his plan for linking tax cuts to a *low* pay limit was fully understood and overwhelmingly supported.

The experience of the past 18 months could have left no one in any doubt about the automatic link between pay, prices and jobs. It was an immutable fact that high pay increases were *self-defeating unless there was a* corresponding increase in national productivity.

If there was insistence on higher wages than the economy could support, people would be priced out of jobs. In the short run, some people might be a little better off—but only at the cost of keeping others out of work. "And within a few months, the advantage of the higher wages, even for those who received them, would be wiped out by the higher prices which would follow."

The universal acceptance and observance of the £6 limit had been a striking demonstration of the extent to which these basic economic truths had been accepted by working people.

"And there is now conclusive evidence that their commonsense is bearing fruit," said the Chancellor. "Last week's report from the Price Commission, for example, shows that in the last nine months we have halved the rate of inflation.

"Moreover, it is now generally recognised that if we had not had the £6 limit, our exports would not have been so good, and the current level of unemployment would still be on a rising trend."

The £6 limit guaranteed that our rate of inflation would continue to fall for the rest of 1976. But there would still be a long *way to go before we closed the* gap between our rate and that of our major competitors.

Mr. Healey dismissed as "a ridiculous fantasy" fears conjured up by the Press suggesting that families all over the country were likely to be subjected to a midnight knock on the door from tax *inspectors.*

MR. DENIS HEALEY "Sterling now very competitive."

On the Bill's proposal to give the Inland Revenue additional powers to obtain information, Mr. Healey said that the information *was necessary to uncover* illegal tax evasion.

Mr. Healey said nothing offended people's sense of justice *more than the* scope which a small minority currently enjoyed for evading taxation. Evasion, was, quite simply, tax dodging which was outside the law. The loss of revenue from people who indulged in tax evasion had to be made up by ordinary taxpayers.

"*There are many signs* that the sums involved are substantial and that they are growing." In the year up to March, 1975, the amount of tax which was evaded in major cases which the *Inland* Revenue uncovered amounted to £17m.

Nonsense

Mr. Healey accused the Conservatives of showing extra*ordinary discrimination in* pusuing widows and unemployed workers for minuscule amounts amounts of tax while waging a campaign to protect millionaires.

Explaining the new powers, Mr. Healey made it clear that third parties would only be approached with the consent of general or special commissioners, and premises would only be entered where there was suspicion of a criminal offence.

"The Inland Revenue will not be able to obtain a warrant merely on the grounds that a taxpayer has omitted something from his tax return through negligence or carelessness—because that is not a criminal offence.

"It *is wilful nonsense* to pretend that tax inspectors will be walking into all sorts of people's premises and homes."

Mr. Healey said he envisaged that the *powers* would be used, at the most, in only a handful of the most serious cases each year. "I think that most people realise that the taxman is not seeking to *invade their homes.*"

Some had seen this issue in terms of civil rights but the ordinary taxpayer had the funda*mental right to be protected* from the need to pay more tax because of the dishonest fraudulent few.

Mr. Healey stressed that there was to be no difference between the treatment of Ministers and other office-holders and private individuals in the tax treatment *of official cars and accommoda*tion.

Accommodation provided by employers was already taxed, but in future this would be covered by statute rather than case law.

SIR GEOFFREY HOWE "Unbearable burden of taxation."

Howe demands tax structure change

Sir Geoffrey Howe, shadow Chancellor, criticised Mr. Healey's tax concessions offer.

He said less than half the working population belonged to trade unions affiliated to the TUC. "*The mass of taxpayers* are excluded in the formula adopted by the Chancellor." It should never be allowed to happen again.

Sir Geoffrey urged the Chancellor to control public spending, restore industrial profits, and ease the "depressing" burden of *direct taxation. Price controls* should be relaxed, and subsidies should not be extended.

The Bill represented a real and increasingly unbearable burden of direct taxation on almost every section of the community.

As a result of the Budget, *couples about to be married this* year had to face the instant disappearance of a tax benefit which many of them had been depending on. "They should at least have been given a year's grace. The economy must be in a pretty desperate plight if the Chancellor has been reduced to *ravaging the contents of 400,000* bottom drawers."

Sir Geoffrey condemned the Bill for containing "almost nothing but a tightening of the noose around the necks of those on whose enterprise and energy we depend—the skilled craftsmen, salesmen and managers, people *earning £5,000 or £8,000 a year.*

"They now realise that the benevolent noises the Chancellor was making towards them were nothing but crocodile tears."

Sir Geoffrey said he had no time for tax free perks, but he wanted to live in a society where people were able to save enough to own their own car and snap their fingers at bosses they could not tolerate.

We did not have a hope of seeing that kind of society while *the present Government re*mained in office, and until the top tax rate was the same as in other European countries—60p in the pound.

Until the tax structure was changed, the latest measures would be seen as another move towards turning Britain into "a fiscal Lubianka," with the Chancellor turning the trek of talent *from Britain into a virtual* torrent.

Sir Geoffrey complained about the proposal for the tax authorities to enter taxpayers' homes.

In a free society, it was vital to maintain the trust between the taxpayer and the tax gatherer. If this was to survive, taxes must be bearable and not intolerable, and the method of collecting taxes must be equally respected.

He *added:* "*The Chancellor* will find that the people of this country will increasingly be rising in anger against taxes that are intolerably high if they are to be collected by methods increasingly and intolerably high-handed."

Sir Geoffrey attacked Mr. Healey's "*curious little phrases*" such as the one about "Tory Trots."

He commented "people who live in Marxist glass houses had better be pretty careful before they throw phrases like that around. Mr. Healey knows a great deal more about Communism, Marxism and Leninism than I would ever wish to know."

Mr. Norman Atkinson (Lab., Tottenham) said the Chancellor was looking in the wrong places for tax evasion. He should direct his attentions to "moonlighting"—people taking extra jobs for cash.

Mr. Atkinson estimated that this cost the Exchequer £3bn. a year. He suggested that all transactions over £50 should be paid by cheque and not cash.

Mr. John Ovenden (Lab., Gravesend) said: "Many widows were confident that the Chancellor this time would not be *able to ignore their claims to* fairer treatment. Many are bitterly disappointed by the omission from the Budget of any help for them."

Support

He suggested that the Opposition should take notice of CBI deputy director, Lord Watkinson, who had warned that those "selling Britain short" faced a united Government, CBI, TUC and people.

"This is a formidable combination to confront the sort of Tory Trotskyism that is spawning so rapidly these days in the damp cellars of the Carlton Club and Annabel's."

Mr. Healey told MPs they could not expect him to anticipate the outcome of the current pay talks. But public opinion polls confirmed that his idea of linking tax cuts with a low pay limit was fully understood and supported.

He had *found similar support* in his correspondence since the Budget. Experience of the past 18 months left no doubt about the automatic link between pay, prices and jobs.

Silkin urges prudent use of water

MR. JOHN SILKIN, Minister for Planning and Local Government *yesterday appealed to the public* to use water "sensibly and prudently."

But he added: "We are not in a national drought position or in any danger of that at all."

Replying in the Commons to an emergency question from Mr. Michael Morris (C. Northampton S.), Mr. Silkin said water authorities had told him they hoped to avoid major interruptions of supplies during the summer.

"Parts of the country are *certainly facing water shortages* this year. The severity of the shortages differs very much from area to area, but the effects are localised."

Mr. Silkin said senior officials and representatives of the water industry were meeting regularly to assess the situation and to keep him informed on a weekly basis. Ministers would be discussing the group's first report with the chairmen of the regional water authorities next week.

Minister plans GEC meeting

THERE IS to be an early meeting between Mr. Alan Williams, Minister of State for Industry, *and the union side of the* National Joint Consultative Council for GEC-English Electric.

He announced this in the Commons yesterday when questioned by Mr. Winston Churchill (C., Stretford) about the implementation of the Government policy "commitment" of July 1975 to merge the principal firms in this field.

"There is no Government commitment to a merger," stated Mr. Williams, "*but my Depart*ment is in discussion with NEB about a possible partner."

Chrysler talks

DISCUSSIONS are in progress with Chrysler (U.K.) with a view *to concluding a planning agree*ment this year, Mr. Gerald Kaufman, Minister of State for Industry, stated in the Commons yesterday.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on May 3, 1976. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In *some cases market rates have been calculated* from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries *listed* is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; *(n.c.) non-commercial* rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afars & Issas	Djibouti Franc	305(sg)
Afghanistan	Afghani	104 (A)
Albania	Lek	(110.10(A) (125.25(A)
Algeria	Dinar	7.44
Andorra	French Franc / Spanish peseta	8.52 / 125.25
Angola	Angola Escudo	54.40
Antigua (S)	E. Caribbean	4.80
Argentina	Ar. Peso	(fn) 267.42
Australia (S)	Australian $	1.4922
Austria	Schilling	33.20
Azores	Portug. Escudo	54.40
Bahamas (S)	Ba. Dollar	1.8445
Bangladesh (S)	Taka	29.95(sg)
Bahrain (S)	Dinar	0.726
Balearic Is.	Spa. Peseta	125.50
Barbados (S)	B'dos $	3.6655
Belgium	B. Franc	(cm) 70.90 (fn) 72.45
Belize	B$	4.0
Benin	C.F.A. Franc	426
Bermuda (S)	Bda. $	1.8285
Bhutan	Indian Rupee	16.8358
Bolivia	Bolivian Peso	36.70
Botswana (S)	S. A. Rand	1.5978
Brazil	Cruzeiro	19.97
Br. Solomon Is. (S)	Australian $	1.4922
Br. Virgin Is. (S)	U.S. $	1.8295
Brunei (S)	Brunei $	4.7775
Bulgaria	Lev	1.7908
Burma	Kyat	12.80
Burundi	Burundi Franc	142.85
Cambodia	Riel	n.a.
Cameroon Rp.	C.F.A. Franc	426
Canada	Canadian $	1.7925
Canary Is.	Spanish Peseta	125.25
Cape Verde Is.	Cape V. Escudo	54.40
Cayman Islands (S)	Cay. I. $	1.5344
Cent. Af. Rp.	C.F.A. Franc	426
Chad	C.F.A. Franc	426
Chile	C. Peso	(Bk) 21.87
China	Renminbi Yuan	3.5381
Colombia	C. Peso	(F) 62.98
Comoro Is.	C.F.A. Franc	426
Congo (B'ville)	C.F.A. Franc	426
Costa Rica	Colon	15.78
Cuba	Cuban Peso	1.52725
Cyprus (S)	Cyprus £	0.7567
Czechoslovakia	Koruna	(com) 10.50 (n.c.) 20.90 (T) 18.29
Denmark	Danish Kroner	10.99
Dominica (S)	E. Caribbean $	4.80
Dominican Rep.	Dominican Peso	1.8295
Ecuador	Sucre	(O) 45.69 (F) 49.45
Egypt	Egyptian £	0.7522 (T) 1.2412
[illegible]	[illegible]	[illegible]
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is.	Danish Krone	10.99
Fiji Is.	Fiji $	[illegible]
Finland	Markka	7.01
France	French Franc	8.52
French C'ty in Af.	C.F.A. Franc	426
Fr. Guiana	Local Franc	8.52
Fr. Pac. Is.	C.F.P. Franc	154.21
Gabon	C.F.A. Franc	426
Gambia (S)	Dalasi	[illegible]
Germany (East)	Ostmark	[illegible]

Place and Local Unit		Value of £ Sterling
Germany West	Deutschemark	4.621¼
Ghana (S)	Cedi	2.09 (sg)
Gibraltar (K)	Gibraltar £	1.00
Gilbert & Ellice Is. (S)	Aust. Dollar	1.4922
Greece	Drachma	66.969
Greenland	Danish Kroner	10.99
Grenada (S)	E. Caribbean $	4.80
Guadaloupe	Local Franc	8.52
Guam	U.S. $	1.8285
Guatemala	Quetzal	1.8285
Guinea Rep.	Syli	n.a.
Guinea Bissau	♥♥	♥♥
Guyana (S)	Guyanese $	4.6958
Haiti	Gourde	9.175
Honduras Rep.	Lempira	3.67
Hong Kong (S)	H.K. $	8.9787
Hungary	Forint	(com) 80.90 (nc/T) 40.45
Iceland (S)	I. Krona	332.75
India (S)	Ind. Rupee	16.5067
Indonesia	Rupiah	761.525
Iran	Rial	(A) 126
Iraq	Iraq Dinar	0.5359
Irish Rep (K)	Irish £	1.00
Israel	Israel £	14.1358
Italy	Lira	1.648
Ivory Coast	C.F.A. Franc	426
Jamaica S.	Jamaica Dollar	1.6720
Japan	Yen	547
Jordan (S)	Jdn. Dinar	0.595 (sg)
Kenya (S)	Ken. Shilling	15.4695
Korea (Nth)	Won	n.a. (sg)
Korea (Sth)	Won	884.70
Kuwait (S)	Kuwait Dinar	0.540 (sg)
Laos	Kip	n.a.
Lebanon	Lebanese £	n.a.
Lesotho	S. African Rand	1.5979
Liberia	Liberian $	1.8285
Libya	Libyan Dinar	(P) 0.5432
Liechtenstein	Swiss Franc	4.57½
Luxembourg	Lux Franc	70.90
Macao	Pataca	12.7525
Madeira	Portug'se Escudo	54.40
Malagasy Rp.	MG Franc	426
Malawi (S)	Kwacha	1.66515
Malaysia (S)	Malaysian $	4.6895
Maldive Is. (S)	Mal Rupee	n.a.
Mali Rp.	Mali Franc	852
Malta (S)	Maltese £	0.7857
Martinique	Local Franc	8.52
Mauritania	Ouguiya	♠
Mauritius (S)	M. Rupee	12.5316
Mexico	Mexican Peso	22.84
Miquelon	C.F.A. Franc	426
Monaco	French Franc	8.52
Mongolia	Tugrik	(O) n.a. (T) n.a.
Montserrat	E. Caribbean	4.90
Morocco	Dirham	8.01 (sg)
Mozambique	Moz. Escudo	54.40
Nauru Is.	Aust. Dollar	1.4922
Nepal	Nepalese Rupee	[illegible]
Netherlands	Guilder	[illegible]
Neth. Antilles	Antilian Guilder	[illegible]
New Hebrides	[illegible]	[illegible]
New Zealand (S)	N.Z. Dollar	[illegible]
Nicaragua	Cordoba	[illegible]
Niger Rp.	C.F.A. Franc	426
Nigeria (S)	Naira	[illegible]
Norway	Norg. Krone	[illegible]
Oman Sul'ate of (S)	Rial Omani	0.640
Pakistan	Pkst. Rupee	17.95 (sg)
Panama	Balboa	[illegible]
Papua N.G. (S)	Kina	[illegible]

Place and Local Unit		Value of £ Sterling
Paraguay	Guarani	229.26
P'pl's D. Rp. of Yemen (S)	S. Yemen Dinar	(A) 0.6275
Peru	Sol	(excA) 82.67
Philippines	Ph. Peso	13.4275
Pitcairn Is. (S)	£ Sterling / New Zealand $	— / 1.8285
Poland	Zloty	(B) 55.84 (T) 69.76
Portugal	Pgse Escudo	54.40
Port Timor	Timor Escudo	54.40
Principe Isle.	♥♥	♥♥
Puerto Rico	U.S. $	1.8285
Qatar (S)	Qatar Ryal	7.285
Reunion Ile de la	French Franc	8.52
Rhodesia	Pound *	n.a.
Romania	Leu	(cm) 9.17 (nc)(T) 22.14
Rwanda	Rwanda Franc	168.56
St. Christopher (S)	E. Caribbean $	4.80
St. Helena (S)	£ Sterling	—
St. Lucia (S)	E. Caribbean $	4.80
St. Pierre	C.F.A. Franc	426
St. Vincent (S)	E. Caribbean $	4.80
Salvador El	Colon	4.59
Samoa Am.	U.S. $	1.8285
San Marino	Italian Lira	1.648
Sao Tome	♥♥	♥♥
Saudi Arabia	Ryal	6.51
Senegal	C.F.A. Franc	424
Seychelles	S. Rupee	15.53
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	4.5245
Somali Rep.	Som Shilling	(A) 11.56 (sg)
Sth. Africa (S)	Rand	1.5978
S. W. Africa Territories (S)	S. A. Rand	1.5976
Spain	Peseta	(S) 125.25
Spain, Ports in North Africa	Peseta	125.25
Sri Lanka (S)	S. L. Rupee	15.5668 (sg) ♦♦
Sudan Rp.	Sudan £	(A) 0.595 (sg)
Surinam	S. Guilder	3.2848
Swaziland (S)	Lilangeni	1.5978
Sweden	S Krona	8.01
Switzerland	Swiss Franc	4.57½
Syria	Syria £	(A) 8.55 (sg)
Taiwan	New Taiwan $	(P) 69.73
Tanzania (S)	Tan. Shilling	15.47
Thailand	Baht	36.8725
Togo Rp.	C.F.A. Franc	426
Tonga Is. (S)	Pa'anga	1.3863
Trinidad (S)	Trin. & Tobago	4.80
Tunisia	Tunisian Dinar	0.772 (sg)
Turkey	Turkish Lira	28.80 (sg)
Turks & Cs.	U.S. $	1.6285
Uganda (S)	Ug. Shilling	15.4695
Utd. States	U.S. Dollar	1.8285
Uruguay	Uruguay Peso	(com) 5.61 (fn) 6.50
Utd. Ab. Emir.	U.A.E. Dirham	7.26
U.S.S.R.	Rouble	[illegible]
Upper Volta	C.F.A. Franc	426
Vatican	Italian Lira	[illegible]
Venezuela	Bolivar	[illegible]
Vietnam Nth.	Dong	[illegible]
Vietnam Sth.	Piastre	[illegible]
Virgin Is. U.S.	U.S. Dollar	[illegible]
Western Samoa (S)	Samoan Tala	[illegible]
Yemen	Ryal	8.22 (sg)
Yugoslavia	New Y Dinar	34.3333
Zaire Rp.	Zaire	[illegible]
Zambia (S)	Kwacha	[illegible]

♠ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

♦♦ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 per cent.

[illegible]

† The Mongolian rate has lately been reported to stand at an official commercial rate of [illegible]

Key stage in Left's bid for wider State control

BY RICHARD EVANS, LOBBY EDITOR

A KEY STAGE in the Left wing's attempt to push Labour Party policy sharply towards more State control and greater Government intervention in industry will take place to-day when the party's Home Policy Committee meets all day to discuss an important policy docu*ment.*

Under the chairmanship of Mr. Anthony Wedgwood Benn, the committee is expected to back the 60,000-word document in essentials before sending it to the full Labour Party national executive committee to-morrow week.

If the Left-dominated NEC also gives the document its approval, it will go before the party conference in the autumn with the intention of incorporating it in a future manifesto if it gains a two-third majority.

But before that stage is reached, the terms of the document could force a confrontation between Mr. Callaghan and Mr. Benn, who has been warned by the Premier not to deviate from Cabinet policy when he sits on the executive.

Among the possible areas of contention are the demands in the document for policies which conflict with the Government's economic strategy, including far-reaching powers for Ministerial intervention in industry, compulsory planning agreements with major companies, and substantial and wide-ranging import controls.

Because of Left-wing domination of the NEC, Ministers may have difficulty in strangling the document at birth, even though many believe it has an air of total unreality in electoral *terms.*

Various drafts have been prepared since last autumn by Mr. Geoff Bish, head of research at Transport House and a close associate of Mr. Benn.

Among the proposals that have emerged from the Research Department recently are calls to nationalise banks, insurance companies and other financial institutions, and the public ownership of agricultural land.

MPs' travel costs £1m.

OFFICIAL TRAVEL by MPs cost about £1m. in 1975-76, Mr. Michael Foot, Leader of the House, said in a Commons written reply yesterday.

The sum was made up of £682,000 for car mileage, £12,000 for rail season tickets, £205,000 for other rail travel, and £107,000 for air travel.

Benn dismisses talk of OPEC membership

FINANCIAL TIMES REPORTER

DESPITE statements made by Sir Harold Wilson when *he was* Prime Minister, there has been no Ministerial consideration of an application by Britain to join OPEC, Mr. *Anthony Wedgwood* Benn, Secretary for Energy told the Commons yesterday.

Mr. Benn said there had been a "certain number of jocular references" to British membership of the organisation in view of her developing prospects as an oil exporter. But he insisted that the Government had no plans for joining.

On the other hand, the Minister added, the expertise which Britain could offer through her knowledge gained in exporting equipment and other things worldwide would be made available, and it was already apparent that her voice was listened to by the other oil producing countries.

Mr. Jonathan Aitken (C., Thanet E.), maintained that Sir Harold Wilson had made it clear that Britain would be seeking to join OPEC and asked if Mr. Benn had been giving another demon*stration of collective* Cabinet "irresponsibility."

Mr. Benn replied: "I can only tell the House that no Ministerial consideration has been given to an application to join OPEC." There was laughter when he added that it would be open to Sir Harold to apply for the presidency of OPEC on an individual basis.

After being told that the Government was satisfied with the progress made in the development of North Sea oil and that the prospects remained good, Mr. Peter Morrison (C., City of Chester) asked why, if Britain was to become an oil exporting nation, it was not considered necessary to become a member of OPEC.

Mr. Benn answered that in his earlier statements he been speaking about "If the House feel matter should merit sideration. I feel Government would proposal."

He refused to be commenting on fo likely future world but assured the H was a matter which th ment kept under close

Platforms

Questioned about the tions with oil com encourage the placing for oil platforms in Bri Mr. Benn said he in follow up what had bee tory talks with detail sions with some of the

From the Opposit bench, Mr. Hamish Gra and Cromarty) protest talks had produced nothing so far. While t ment was dithering, th of unemployment was more and more mer those engaged in the construction industry.

Denying that there dithering, Mr. Benn p *that each of the plat* about £150m. The o them was a matter fo panies and the Gover been in continual co them.

But, he said, there w *cal factors in the shift* to concrete and bac There were *also* mark *and the difficulties of* drained with fewer because of their cost

Mr. Benn disclose possibility of introd the peg orders" for o had been considered b The Government was *orders would come.*

Offshore talks planne

QUESTIONED about the next round of off-shore drilling licences in the Commons yesterday, Mr. Anthony Wedgwood Benn, Secretary for Energy, said he intended to obtain the views of the oil companies and other interested bodies on the general terms and conditions he was proposing.

Mr. Dennis Cananvan (Lab. West Stirlingshire) urged him to take a tougher line with the oil companies than that taken by the last Conservative Government which had practically "given them the licences for nothing."

Mr. Benn said the Government would consult with all the *interests concerned before reach*ing a final view and went on to deny an Opposition charge that delay in making a specific announcement about the terms of the next licensing round was causing uncertainty in the industry.

He stressed that the Government was *determined* not to repeat the errors made in the last licensing round.

Asked by Mr. Cledwyn Hughes (Lab. Anglesey) to give details of the exploratory operations for oil and natural gas i Sea *planned to the e* Mr. Benn stated that been sought to drill

"The timing of dri the *initial six-year* licences is at the d the licensees. Furt during the year will a considerable ext success or failure of wells."

When Mr. Nigel Carshalton) sugegste vate financial particip be encouraged in de shore oil in the pe 1980, Mr. Gordon Oa Secretary, contended not for him to enc particular method finance for Contine development.

"The Department what action it prop facilitate the pro finance," he said.

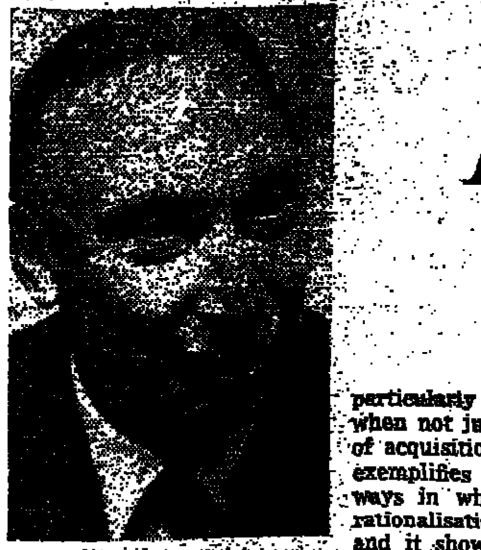
Mr. Oakes flatly give an assurance Government would no the British National tion to put up funds.

The Executive's World

EDITED BY JOHN ELLIOTT

Christopher Lorenz looks at the management style of Hawker Siddeley

A strategy for diversification without losing control



Sir Arnold Hall

FOR MOST people the name of Hawker Siddeley is most obviously associated with aircraft, missiles and the row over aerospace nationalisation. It therefore took last month's revelation that less than 30 per cent. of net earnings now come from aerospace to underline that the group also has highly successful mechanical and electrical engineering operations.

Behind this bald statistic of Hawker's non-aerospace companies, which total more than 60 across the world, lies a useful case-study of management in action. Its relevance to all walks of British engineering is partly that Hawker long since overcame one of the U.K.'s national shortcomings: an inability to strike a successful balance in top management skills between engineering, commerce and finance. Much of the credit for this must go to Sir Arnold Hall, its long-serving chairman and managing director, and one of the few professors of engineering to graduate with flying colours from the academic world to the top seat in a major British company.

But Hawker's experience is also significant outside the engineering field because it shows how a management team can diversify into businesses it initially knows little about without losing control. This is a particularly difficult problem when not just one, but a series of acquisitions are involved. It exemplifies several different ways in which post-acquisition rationalisation can be handled, and it shows how extreme decentralisation can be reconciled with strong central control. For the future, it raises the question of how to strike a balance between different levels of technology, different market and product cycles, as well as different parts of the world.

The rationale for the first major non-aerospace acquisition at home, the Brush Group in 1957, involved a combination of factors. For a start, Brush was simply "available." Then Hawker itself felt it might have been becoming too dependent on military aircraft. The 1957 Sandys defence White Paper reinforced this view, especially since many people—though not Sir Arnold himself—interpreted it as sounding the death-knell for military aircraft. He recalls how all sorts of aircraft companies rushed "to turn swords into ploughshares," plunging into anything from road rollers to vending machines.

But in 1960 Hawker showed its continued belief in aerospace by acquiring several companies in the field, which doubled its aviation interests, and brought it into the civil field for the first time.

Some attention had been paid by Hawker to strengthening Brush before Sir Arnold became group managing director in 1963 and in that year its heaviest sector, steam turbines, was closed. This still left an extremely wide range of interests, from diesel engines and medium-sized electric motors to switchgear, diesel-electric generators (including those for railway traction) and both small and larger transformers. Sir Arnold recalls his realisation that falling orders from the Central Electricity Generating Board and other factors would create major movements in the British electrical engineering industry by the end of the decade, and that Hawker's existing interests were too small to survive. On the diesels side, too "We had to get in or get out," he says now.

Content

This raises a general misunderstanding about Hawker's diversification. "We didn't do it as a defence against aerospace weakness at all. This still isn't true; we have never been anything but content with aviation," he emphasises.

The current shape of Hawker's non-aero interests in the U.K. has the original Brush product areas at its core with the acquisitions of the last ten years extending the product line horizontally and vertically.

On the electrical side, Sir Arnold has avoided a Hawker involvement in the heavy generating end of the business, which he describes as comparable with aerospace in terms of high development costs and long cycles. Its virtual monopoly customers are another drawback. These are some of the reasons why Hawker has cut back its interests in power transformers.

The policy of "get in or get out" has taken the group through a series of acquisitions, of which the major ones have been: R. A. Lister in 1965, bringing both small and large diesels to complement the existing Brush line, as well as agricultural machinery; Crompton Parkinson in 1967, with electric motors, transformers and several lighter-weight products: Brook Motors in 1970 involving electric motors and control gear, Aberdare Holdings in 1973 with its transformers and switchgear: an electrical instruments company in 1974; and the much-publicised stake of 36 per cent. in Onan Corporation at the end of last year involving diesels and generating sets on the prime U.S. markets.

There have been one or two dull spots among all these purchases, such as the lighting side of Crompton. But overall, including Crompton, Sir Arnold can justifiably claim to have bought well-managed companies—a necessary condition if the acquisitions were to be successful in the Sixties, when Hawker did not have sufficient expertise to manage all the areas concerned.

With the exception of some Canadian moves in the 1950s—such as the purchase of a steel mill, which in spite of persistent problems was sold off only in 1968—Hawker has shown considerable skill, and flexibility, in both its acquisitions and the way they have been rationalised. In general, it has combined a flexible speed of action with continuity.

The contrasting way in which the small diesel and the electric motor sides have been organised is the most obvious example of this flexibility. Lister's diesel interests have been kept quite separate from Petters', and still compete with it, though both report to the same group director.

The rationale for this is that, in spite of some market overlap, the two compaines make different types of product. Petters still sells a long-running iron range, as well as a newer, high-alloy aluminium one, whereas Lister has developed a newer range of cast iron designs. In this situation, a merger of the two companies could only harm their positions in the market place, it is argued.

On the other hand, the Crompton Parkinson and Brook interests in small- and medium-sized eelctric motors have been wholly rationailsed and merged, and their factories specialised on certain product ranges, since electric motors are far more standardised than small diesels.

Sales leap

Since the mid-sixties the tendency following an acquisition has been for sales in the relevant sector to leap upon consolidation, and then to slow down while rationalisation is carried out. The sharp growth since 1973 is far from accounted for by inflation—the coming-good of several acquisitions, plus sorting-out in Canada, are more positive reasons. Hawker now holds about 60 per cent. of the U.K. market for industrial diesels—it has much more at the lower end—and about a third of the medium-sized motor market and 40 per cent. of small transformers. On diesels, the export ratio is about two-thirds, on switchgear over half and on medium-sized motors about a third.

Sir Arnold's technique for controlling this diverse empire has been to combine an unusual degree of decentralisation with very tight central checks. He says his belief in small units is "a basic, almost personal philosophy." Few of Hawker's non-aerospace companies in the U.K. employ more than 1,000 people. This approach may put up the overheads — duplicated accounts departments, and so forth — but Hawker's experience has shown that this is outweighed by the units' extra effectivenes in all aspects of management and performance.

The operating companies are grouped under five group directors and one senior executive. The six each chair several units, almost every one of which has a normal board structure, from managing director downwards. The sparseness of the central organisation in St. James's, London, is illustrated by the fact that Mr. Alex Laurence, the finance director, and Sir Arnold are the only two functional group directors. Five of the 13-man group board are non-executive, a pattern followed by Hawker Siddeley since its formation in 1935. Unlike GEC, which is well known for its decentralised structure, Hawker does not even have a central personnel or commercial staff, though there is a group planning department as well as the chief accountant's staff.

Co-ordination and control of Hawker's empire is carried out in a four-tier fashion, apart from the monthly meetings of the group Board and the executive committee of full-time Board members. To start with, all Board papers from the operating companies are sent to the centre, and each of them submits monthly "progress reports." Then there are quarterly meetings at one of the factories of several co-ordinating groupings, such as HS "electrics" and HS "diesels," with the venue changing each time.

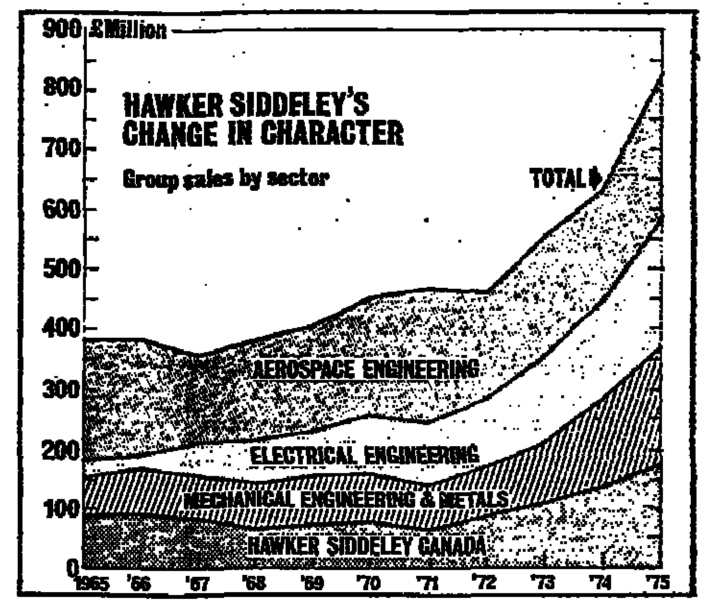
With the third tier, apart from refining the monthly reports, and introducing individual target returns on capital for each company—in place of a global level at which everyone had to aim—the last few years have seen the start of twice-yearly review meetings. Much less formal affairs, they clear each company's budgets and forecasts.

Finally, one of the most sensitive pulses at the centre is the weekly cash position reports from each company.

One drawback of Hawker's extreme decentralisation, like that of GEC, could be that the choice for a successor if either of the "Sir Arnolds" were suddenly to depart, might be more limited than is usual in a major group. Now that the succession at Thorn Electrical has been solved without him, however, Sir Arnold's lieutenants can presumably be confident of his remaining to see the group through at least the first few years after aerospace nationalisation. The question exercising everyone's minds is how best to use the £75m.-£90m. which, according to City estimates, Hawker should eventually receive from the Government.

New areas

The money could help Hawker into areas it would never have otherwise entered, as well as filling out its existing line, in both product and geographic terms. Having lost its high-technology slant, one logical step would be to go further into professional electronics. Consumer goods of the High Street variety and heavy electrical plant are both unlikely to appeal, in view of Hawker's character. One possible pattern which has already been adopted (in Canada) is for overseas expansion to be in different products from those at home. In the U.K. itself, there is a wide range of possibilities short of the most dramatic rumours about Plessey and Reyrolle (the switchgear and transformer sides) which have come up repeatedly in the City over the years. Sir Arnold will give nothing away, other than stressing that if Hawker has to lose aerospace, it has the skills to take on a new challenge. On the timing of acquisitions depends whether its forthcoming nest egg stays as long on deposit as has GEC's famous pile of cash.



Resistance sets in to top secretaries pay

A "NOTICEABLE resistance" is developing among employers to paying executive secretaries salaries of £3,500 to £4,000—levels until recently not uncommon for top-calibre staff.

The latest quarterly review of secretarial and clerical salaries, published by the Alfred Marks Bureau yesterday also discloses that the average secretarial salary has risen by 20 per cent. in the year to January, 1976.

This indicates a drop in real terms of 2.8 per cent. when inflation during that time of 23.4 per cent. is taken into account.

One in three women rate good prospects of promotion as the most important single factor in choosing their next job, the survey adds.

The period of the salaries review is the three months to February 1976, and it covers main office staff in London and 28 major towns and cities.

Survey of Secretarial and Clerical Salaries (quarterly). Statistical and Management Services Division, Alfred Marks Bureau, 11 Soho Square, London, W.1. Annual subscription £20.

BOOK REVIEW: Skilful asset handling

The Sterling Money Markets, by Malcolm Craig. Gower Press, £4.75. 107 pages

Foreign Exchange Risk. by A. R. Prindl. John Wiley and Sons, £5.75. 169 pages

THE GROWING sophistication of the management of financial assets by industrial companies has become the subject of commonplace argument in the City. It has been reflected, for example, in the increasing use made of a variety of outlets for short-term funds—such as the Treasury bill—which previously might not have been among the range of investments most companies would consider.

The need for skill in handling financial assets has been underlined by the sharp fluctuations in exchange markets with their profound implications for any company involved in overseas trade. There have also been the disasters of the fringe bank collapses in the U.K., when the urge to squeeze every last fraction of interest out of spare short-term funds led to some basically unwise investment decisions.

Growing interest in this kind of problem is also illustrated by the number of books on various aspects of financial management which publishers are now putting on the market.

One useful volume—The Sterling Money Markets—has just appeared concerning itself with short-term investment in the sterling money markets. These have grown considerably in extent in recent years, to include a considerably larger range of instruments. Mr. Craig's book is designed as guide to the outlets available to enable companies to make the best use of the markets and to plan their cash flows.

Its particular advantage is that, as well as describing the instruments themselves, it offers guidance on the mechanics of the market, the methods by which investment in this area can be approached, and details of how yields and returns are worked out on the various types of paper.

Another book recently published—Foreign Exchange Risk—covers the complex problems of dealing with exchange risks which face all international companies and those involved in imports and exports. It is pitched at a rather more philosophical level, concerned not only with identifying the problems and the possible solutions, but also in fitting the exchange market strategy into the structure of management.

Michael Blanden

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TUESDAY, MAY 4, 1976

Warning from the Fed

THE NEW quarterly statement of monetary policy to the Senate Banking Committee by Dr. Arthur Burns, chairman of the Federal Reserve Board, at first glance represents only a very slight tightening of Fed policy: and since U.S. monetary growth has been well below Fed target rates until the last week or two, this might be read as a relatively relaxed stance. However, a slightly closer analysis shows *that Dr. Burns has both an example* and a warning to offer to the authorities in this country.

The example is of cautious reappraisal. The Fed's new monetary targets in one sense represent a very significant tightening of policy—and would do so even if they were unchanged, in the terms in which monetary policy is normally discussed in this country: for the *new targets allow no room to* make up for the "lost" growth earlier in the year. Where the British authorities normally set policy in terms of growth in a full year, the Fed operates in terms of quarterly growth.

Lower base

Since the Joint Economic Committee of Congress has been urging a more British approach, and arguing that the Fed should permit a few months of relatively rapid monetary growth "to get back on to the annual growth path," this is a calculated act of caution. Its operational significance is very simple: the base from which the growth of M1—the significant *policy number at the moment*—is to be measured has been raised only by the 2.9 per cent. (annualised) growth actually *seen in the first* quarter. This means that even if M1 now grows at the highest permitted rate, its growth through the first half of the year will only be at an annual rate of about five per cent.

Dr. Burns gives some suggestive reasoning to justify this cautious approach. First, recent experience has shown that slow monetary growth has in fact been compatible with falling interest rates in the early stages of an economic recovery, so that the Fed is now inclined to experiment with slightly slower *future expansion. Secondly, the* unexpectedly slow growth earlier in the year has been read as suggesting that the public *is now making more economical* use of its money balances held for transactions purposes, as a result of what Dr. Burns calls "advances in financial technology"—mainly, probably, the application of computers to cash management in industry.

If it could be taken for granted that U.S. fiscal policy were under equally cautious management, one might look to Dr. Burns simply as a example: but in fact there are growing doubts in the U.S. about the fiscal stance: and if these are *justified. Dr. Burns's determination* will before long imply a rising trend of interest rates, a matter of very much more pressing significance in London. The recent votes in Congress, which will raise the Federal deficit by some $9bn., make doubts about fiscal policy all *the more pressing.*

Overstating capacity

The basic question which financial analysts are increasingly raising is whether the official U.S. claim that the Federal deficit is now purely cyclical—that is, that the new Budget implies a "high employment surplus"—is realistic. It is argued that by defining "high employment" as *four per cent. unemployment*, at a time when the U.S. labour force is growing rapidly, the U.S. authorities are greatly overstating the productive capacity of the U.S. economy in any but the longest term.

A very similar mistake of overstating growth potential was made in this country by the Heath Government, most drastically in its 1973 Budget. If it is true that the U.S. Treasury is making a somewhat similar error, the present fiscal policies could prove far too expansionary, *and the collision with a* cautious Fed policy would be disruptive.

The circulation of analyses on these lines could itself be enough to create a widespread expectation of higher interest rates, and this may indeed explain the recent acceleration of the growth of M2 in the U.S. The rapid monetary growth in Germany in recent weeks suggests that there, too, the market is becoming less willing to finance the Government deficit at present interest rates. The significance of these developments at a time when sterling remains vulnerable, and the U.K. Government faces proportionately the biggest financing *problem of all, is obvious: restraint* may be forced on us by rising rates overseas.

Brazil's unfinished experiment

THE STATE visit of President Ernesto Geisel of Brazil which begins to-day has aroused so much apprehension on both sides that it is difficult to establish who was responsible for it. The invitation in principle was issued when the Queen and Prince Philip visited Brazil, *under a different President, in* 1968. According to the Brazilians, the British Government recently pressed that it should be taken up as part of the British campaign to win a larger share of the Brazilian market. According to the British, President Geisel wanted *to come as part of his own campaign* to establish Brazil's respectability in the international community and it was felt that the British chance of winning orders would be jeopardised if we were not obliged. The mutual apprehension is about the size and the nature of the planned *political* demonstrations. The President will naturally be comparing his reception here with his reception in Paris which he visited last week.

Take-off

This international competi*tion for the Brazilian market is* one reason why the visit is important. If Britain does not join in, the orders will go to France, Japan *or some other* industrial power. No Brazilian would be any better off and some Britons would be worse off. Indeed it is arguable that even in the wholly unlikely event of a concerted boycott of Brazil by all the industrial powers, the country would simply retreat into nationalism and nobody would be any better off. The Brazilians themselves, including the poorest Brazilians, would be considerably worse off. This is the same argument which is (rightly) used to defend trade with Eastern Europe and the Soviet Union.

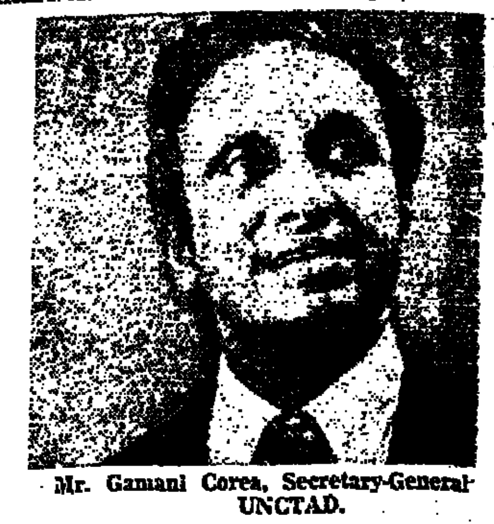
That is the negative case for the visit. There is also a positive case based on the Brazilian record over the past few years. Very few countries in recent decades have achieved the point of economic take-off — Mexico, perhaps, though it still has a dual economy: Iran through its vast oil revenues and an idio*syncratic regime; possibly* Nigeria in the future. Brazil is unique in that it is seeking to do so on the basis of a capitalist system. Of course, it has not yet fully succeeded either economically or politically, but those who oppose it have an obligation to point to a more successful model which has produced a better mix of economic growth and relative freedom. Leaving aside those countries with small populations or special advantages like oil revenues it will not be easy to find.

The test

The economic growth which has been achieved so far has brought problems in its train. In particular, there is the debt burden. Brazil's gross debt rose from $3bn. at the end of 1968 to $22bn. at the end of last year. Although exports rose by 360 per cent. in the same period, the debt increase was greater. Clearly there may be a need for some rescheduling. It is also *true that the benefits of growth* are unevenly distributed throughout the population and that Brazil is scarcely nearer parliamentary democracy than in the early days of the military takeover in 1964. Economically, the regime faces the question of whether the programme of import substitution and foreign investment in export industries will pay off before the debt burden becomes too great. Politically, it still has to fulfil the early promises of liberalisation, which means establishing popularly accepted institutions. *In the end, this will be the test* of the Brazilian experiment.

A list of Third World demands of the industrial nations will be heard at the Nairobi UNCTAD meeting starting to-morrow. **Reginald Dale reports**

Rich and poor nations: battle or bargain



Mr. Gamani Corea, Secretary-General UNCTAD.

IN JUST under four weeks' time it should be clear *whether the world is about* to enter a new period of confrontation between rich and poor nations, or whether the *fragile truce of the past* 12 months or so will continue to hold for a little longer. The answer should emerge from the UN Conference on Trade and Development (UNCTAD IV) which opens in Nairobi tomorrow and will hear no fewer than 151 Ministerial speeches and is due to end on May 28. The Nairobi conference is the fourth of these vast international gatherings, held every four years in an attempt to give overall political direction to the relations between the industrialised "North" and the developing "South."

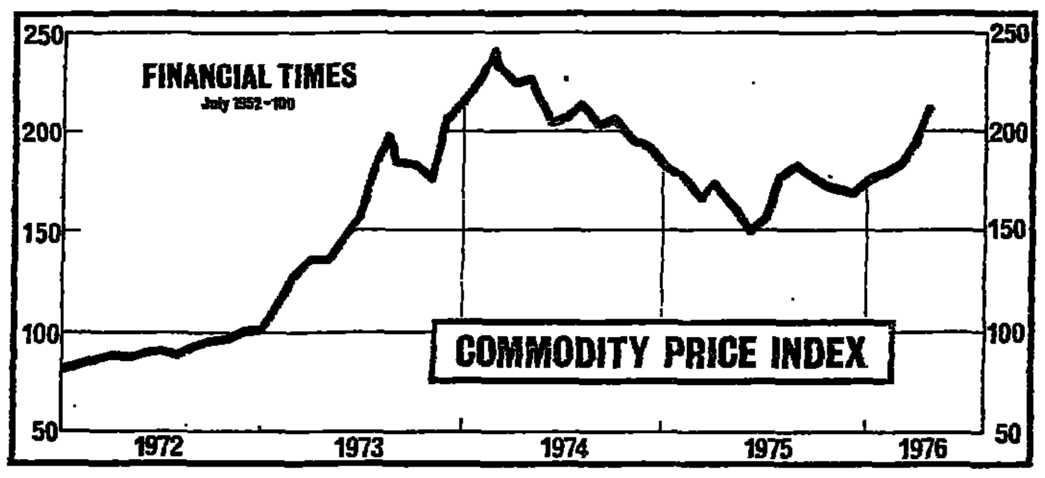
With industrialised nations only just beginning to emerge from recession, and many of them still grappling with inflation, the North is clearly not going to Nairobi in a mood of excessive generosity. But the industrialised world is fully aware of the consequences if it fails to meet at least some of the developing countries' demands at a time when emphasis is being *laid on the need for interdependence* and security of supply if the world economy is to survive and prosper. Third World officials have warned that relations between developed and developing countries will be "poisoned" if Nairobi is a failure, and the 19 developing countries attending the Conference on International Economic Co-operation (CIEC) in Paris last week warned that the Paris conference would also be jeopardised unless "substantial results" emerge from UNCTAD IV.

But the statement in Paris could have been a great deal stronger, and the industrialised countries are reasonably satisfied to have got by without a major bust-up. The CIEC has been covering many of the issues most important for *Nairobi, such as raw materials* and debt rescheduling, and the industrialised countries clearly do not want to have to pay twice over by making concessions in both arenas. With relatively little to offer, they have been saving their concessions for Nairobi, where they can be made in the world political spotlight. The industrialised nations would be the first to agree that little substantial has yet been achieved in Paris: the main thing is that the lack of progress has not so far seriously embittered the general atmosphere.

In their own preparations for Nairobi the developing countries have d awn up a list of sweeping demands including almost every request ever made by them. In their Manila declaration of February this year, the "Group of 77" (now grown to 112 coun*tries) spelled out a list of 17* objectives for international economic co-operation and pledged "their firm conviction to make full use of the bargaining power of the developing countries, through joint and united action" to secure these aims. The general objectives are backed by action programmes that will be thrashed out with the industrialised countries in Nairobi.

The objectives of the Manila Declaration include action on commodities; industrial production and trade; the expansion of the developing countries' *total* export capacity; "substantive results" from the current multilateral trade negotiations (MTN) in Geneva; reforms in the international monetary system; increased financial assistance; debt relief; technology transfers; controls on multinational corporations; greater economic co-operation among the developing countries themselves; expanded trade with the Communist bloc; special measures to help the least developed, land-locked and island countries, as well as those most seriously affected by the world economic crisis; greater efforts to improve world food production; and a strengthening of "the negotiating function" of UNCTAD itself. *But it is quite clear that all this* will not be achieved overnight, and Mr. Gamani Corea, the Sri Lankan Secretary General of *UNCTAD has established four* priority issues for Nairobi—commodities, the transfer of resources (including debt relief), the transfer of technology, and the reform of UNCTAD.

Of these four items it is already clear that commodities is going to be the key issue: indeed it will almost certainly be the over-riding theme of the Nairobi talks. The starting point for negotiation will be the developing countries' demands for an "integrated commodity programme" involving 17 or 18 products, which would involve a major departure from past, often unsuccessful, attempts to deal with each commodity separately. The Group of 77 accepts that the individual characteristics of each commodity would still have to be taken into account but wants a pre-agreed set of overall objectives and techniques for the negotiation of future agreements. Most of all, it wants a common fund, amounting ulti*mately to perhaps $6bn.*, to help to finance buffer stocks of at least 10 "core" commodities. But it also wants to index commodity prices to the *price* of manufactures imported from the industrialised countries, and increased compensatory finance—along the lines of the current IMF scheme—to be made available when prices fall below certain levels. Generally speaking, the Group want prices in real terms to compensate for world inflation and exchange rate fluctuations.



The industrialised countries agree that new arrangements must be made for world commodity trade, in the interests of both producers and consumers. They are prepared to accept simultaneous discussions of several commodities at once. They have also said they are prepared to discuss ways of financing buffer stocks, at least *for some products.* But they do not agree that there can be common techniques for all commodities, and still want to take each product on a *case-by-case* basis. Bananas, for expample, they point out, cannot be stocked. The stocking of tea, with its constantly falling price, would pile up a "tea mountain." The best way to preserve the competitive position of jute against synthetic fibres might be to lower rather than raise its price, and so on. On the other hand, it is admitted, at least in some quarters, that sugar, wheat, copper, and rubber may be stocked in addition to the current arrangements for tin, cocoa and coffee. Bauxite, iron ore and timber might also be looked at.

The industrialised countries also reject indexing on the grounds that it would only increase world inflation, which would not be in the interests of the developing countries themselves. Buffer stocks, they say, should only be used to even out existing price trends: to try to push prices upwards against market trends would cost vast amounts of money that could be *better* used, and the most deserving countries would not necessarily benefit. In the longer term, experts maintain, *stocking arrangements are in* any case likely to have an overall upward influence, as it is easier to buy in stocks to stabilise the market when prices fall than it is to control rising prices if stocks run out.

The crucial issue in Nairobi is likely to be the financing of whatever new arrangements may be agreed. The industrialised countries almost unanimously reject the idea of a common fund, on the grounds that once the money was there it might immediately be spent "unsuitably." But they are much less unanimous about other forms of buffer-stock financing, which is acceptable, at least for some commodities, to Britain and France, but not to Japan, Germany, or the U.S. The Soviet Union, which has otherwise kept remarkably quiet in the debate, has suggested that financing *should be "voluntary"* — countries should be able to choose which products they would help finance.

The U.S. is widely expected to put forward its own alternative plan when Dr. Henry Kissinger, the State Secretary, concludes his African tour with a major address to the conference on Thursday. The plan is reported to involve the creation of a new International Resources Bank, which would raise up to $10bn. through the sale of bonds for the exploitation of commodities, principally iron ore and non-ferrous metals, in countries where companies are unwilling to provide finance—often because they fear nationalisation. But if there is no provision for the bank also to finance buffer stocks, the developing countries are likely to be far from enthusiastic, and may well simply reply that if the money is available it should go into a common fund along the lines they propose. As for additional *compensatory finance*, the industrialised countries are unlikely to prove very forthcoming in Nairobi, in view of the extra $2bn. which they made available at the Jamaica IMF meeting in January.

Nor is the industrialised world at all enthusiastic about the second main priority—the transfer of resources. On the aid front, only Norway, Sweden, and the Netherlands have fully *committed themselves to the* target of 0.7 per cent. of GNP for public aid by 1980, and despite pressure from the developing countries, it seems unlikely that many more governments will want to accept the deadline in the present economic climate. On the debt front, the industrialised countries face an apparently unanimous demand for the convening of a major conference this year for the renegotiation of both the official and commercial debts of developing countries. But under the surface, the 77 *are far from united.*

The more advanced developing countries, such as Brazil, are in fact extremely worried that a *generalised debt rescheduling* operation would damage their credit rating at a time when many of them are seeking fresh *commercial loans. The indus*trialised countries are saying that there can be no question of rescheduling commercial debt, and that existing procedures for coping with official debts are working smoothly. What appears most likely is that the industrialised countries may agree to take a new look at the problems of the poorest countries, which are unable to raise commercial credit anyway, on a case-by-case basis.

Transfer of technology, the third major priority, is also bristling with difficulties. The 77 want a new legally binding system under which industrialised countries would be obliged to release technological data and patents to them virtually free of charge. The industrialised countries reply that technology is mainly in the hands of private companies and there is nothing they can do to force them to hand it over. If the legal issue can be put aside, however, it is possible that some progress could be made in Nairobi, for example through agreeme[nts to] set up more regional [centres] providing technical infor[mation] that would help in th[e con]struction of new industri[es].

The final priority, the [reform] of UNCTAD itself, is th[e most] nebulous of all, with [neither] side quite clear about [its] objectives. On the dev[eloping] countries' side, the ai[m is to] strengthen the organisa[tion as] a negotiating framework [for] international trade [and] economic issues. The [indus]trialised countries will n[ot want] to do anything that [would] undermine the GATT, b[ut] might possibly agree to [give] UNCTAD a greater role [in the] specific field of commo[dities].

Continue t[he] dialogue

If some progress can b[e made] on all four fronts, part[icularly] on the financing of buffe[r stocks,] the industrialised count[ries will] probably feel they hav[e made] Nairobi a success. T[he] question is whether the [develop]ing countries will agr[ee with] them. The 77 will [have to] decide whether to take [what is] on the table and conti[nue the] dialogue *in other are[as such]* as the CIEC and the [MTN, or] whether to reject it an[d turn] to confrontation. Altho[ugh few] people are making any [pre]dictions, there is a fair[ly wide]*spread optimism in th[e indus]*trialised camp that the [develop]ing countries will in fac[t choose] to continue the dialogu[e].

One of the main gro[unds for] optimism is the exist[ence of] new institutions such [as the] CIEC, which were not [there at] the time of earlier U[NCTAD] conferences. The de[veloping] countries will not now [have to] wait four years for [another] major bargaining sess[ion, and] the hope among the in[dustrial]ised countries is that th[is will] reduce the inclination o[f the 77] to adapt an all-or[-nothing] approach *in Nairobi.* [There is] also a growing awarenes[s among] the developing countri[es, it is] claimed, that the co[ntinued] *prosperity of the indus[trialised]* world is essential if the [transfer] of resources to the poor[er coun]tries is to be accelerate[d].

Of course, it could [all go] wrong in Nairobi. At an[y] international conferenc[e where] the issues are so po[litically] explosive, it is always [possible] for the most militant t[o take] the initiative—particul[arly if] the industrialised countr[ies offer] little really substantial [at first.] But as against that may [be set the] realisation by the dev[eloping] countries that as the [past few] years have shown, it [is the] poorest countries that [would] suffer most in any retur[n to con]frontation politics.

MEN AND MATTERS

Foley dispels some myths

Some of the leading figures in the advertising business seem to feel this is the time to worry about what the world thinks of their industry. As I noted last week, the European Association of Advertising Agencies' confer*ence has been held in Rome*, complete with Papal audience plus debate with a bishop on the means of social communica*tion. Then yesterday, in rather* more down-to-earth surroundings, the boss of what is claimed to be the largest advertising agency group announced he wanted to dispel some of the myths of his trade.

Paul Foley is chairman and president of the Interpublic Group, New York-based and controlling firms like McCann Erickson, Campbell-Ewald and Marplan Research. Its billings *exceed $1.2bn., net income in* the first quarter of this year rose 14.3 per cent. to $854,000, and yesterday the group's shares began life on the London market. This is the first time the stock has had a quotation outside New York since Interpublic went public in 1971.

In the City for the occasion, Foley identified a couple of things that made others (investors?) nervous about adver*tising: that clients moved ac*counts around a lot and that the talented individuals who made up agency staffs were prone to job-hopping. Neither bore up under scrutiny, claimed Foley, though perhaps he really had Interpublic's own solidity in mind more than anything else. Many of his big clients go way back (Esso right from Interpublic's 1911 beginnings, Carnation from 1918 and General Motors 1930) and Foley said the average time American ad agency employees stayed in one job was 12 years.

Perhaps the group's most widely known account is Coca Cola ("I'd like to teach the world to sing . . .") and it emphasises Interpublic's international activities, which produce more than 50 per cent. of revenues. Foley said Interpublic had spread overseas by "following the flags" of clients like Coca-Cola and Esso, *and there* were important cost-savings to be made from similar campaigns in several countries for the same product.

Foley himself is a short, somewhat gruff man who started out as a journalist in his native Michigan before switching to the *advertising* game as a copywriter, chiefly concerned, appropriately for a Detroit man, with the car industry. Writing in the wider sense remains important and current events (the bicentennial celebrations) happen to hit on his subject.

Some years ago, he wanted to write a book on a relatively obscure American revolution general, but U.S. publishers advised him not to bother with *history unless Lincoln was in* the title. Now, 1776 is all the rage, and Foley has a book on the revolution coming out next month. He keeps his copywriting hand in too. As part of the effort to banish the idea of advertising being "somehow second cousin to show business," he is responsible for a recent campaign on Interpublic's own behalf with the theme "The important business of *advertising was never more* important."

Brought to book

The U.K. accountancy profession is geting more than its fair share of draft documents relating to proposed accounting standards. In addition to our own Accounting Standards Committee there is a whole series of draft directives on accounting practices emanating from Brussels, plus the whole debate on inflation accounting.

So far, however, there have been no overt moves to establish standard practice for the treatment of bribes: a subject much in the news with the disclosures at Lockheed and other multi-national companies. Individual accounting firms have given *some indication of their* policy in this respect, but it is hard to imagine any body which has the formal backing of the Institute of Chartered Accountants laying down black and white specifications for such matters.

The same cannot be said in the much more clinical atmosphere which prevails in the U.S. Accountants there are shortly to receive a draft standard entitled, "Illegal Acts by Clients," and a companion draft entitled "The Independent Auditor's Responsibility for the *detection of Errors and Irregu*larities." Just to round the story off: the director of auditing standards is called J. Mullarkey.

Cans, use of

The redoubtable Senator William Proxmire—scourge of unnecessary Federal Government expenditure in the U.S.—is also getting worked up about standards, but of a slightly different sort. He claims that the U.S. Navy's specification for some types of oil can runs to no less than 48 pages.

Inter alia, the Naval Construction Battalion Centre which is responsible, demands that, "all screws, bolts and nuts and pins in the oil cans must be installed *in a manner to prevent loss of* tightness and adjustment." Further on it requires that, "the metal in the handle of the can must not be thicker than 0.032 inches and the edges shall be rolled back at least 180 degrees or otherwise suitably reinforced, or shall be made of a *flat strip, with rounded edges* not less than 0.062 inches thick." Well—at least they know what they want.

Grave news

Keeping abreast of new equipment is an essential task for many businessmen, so I hope there will be a good turn-out on May 18 and 19 in Lincolnshire for Smalley Excavators' open days. The company is proudly showing off materials handling machinery, a range of excavators . . . and a new grave digger.

And, if you will forgive the same theme for a moment, there was a stern notice on a recent front page of the *Dundee Courier* which reported that a headstone in Tayport Cemetery had fallen down and "Next of kin are requested to carry out the necessary repairs within one month or steps will be taken to have the headstone removed." Such a sweet ultimatum, coming as it does from the North East Fife District Council's department of recreation and leisure.

Observer

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SOCIETY TO-DAY

BY JOE ROGALY

How the Pill is transforming Britain

THERE IS, of course, another way of looking at it. The condition of life in Britain in the final quarter of this century might depend more upon broad social trends than it does upon anything done or not done by our politicians—for the general behaviour of the colony is surely of greater importance for the development of the ant-hill than the decisions (conditioned reflexes?) of the more prominent ants. If we do look at matters in this comfortably detached way there is a bonus: some genuine good news to add to the spurious "good news" that we are being fed from Downing Street this week.

The real good news is to be found in the Spring issue of "Population Trends," produced by the Office of Population Censuses and Surveys. An article by the chief statistician in the OPCS, Norman Davis, shows that we are in some ways at the bottom of a trough. Since the war the population has been ageing at an increasingly rapid rate. From now on it seems almost certain that this situation will improve, for the ratio of pensioners to persons under 15 will soon start to change in favour of the young. At the same time the number of dependents—pensioners and the young taken together—will fall relative to the size of the population that must support them.

Projections

Before taking this a step further it must be said that most population projections have to be read as no more than that — extrapolations of past trends. Government statisticians have a record in this field that is remarkable for its consistency: they have always been wrong. In 1955, when the population of the United Kingdom stood at around 51m., the official projection suggested that the total at the end of the century would be under 52m. A decade later, when we already numbered more than 54m., it was forecast that the population would shoot up at an unprecedented pace, reaching 75m. or so by the year 2000.

Fistful

The present population of Great Britain is about 54.4m., and the latest projections are radically different from those offered in earlier years. To its credit the OPCS now offers a fistful of curves: as the graph shows, the current view is that the total count a quarter of a century from now could be anything between a ceiling of 59m. and a floor of 54m. It would be foolhardy to take either the floor or the ceiling as absolutely firm, but a betting man might accept that a census taken in, say, 2001, will more likely than not result in a figure somewhere between the two extremes.

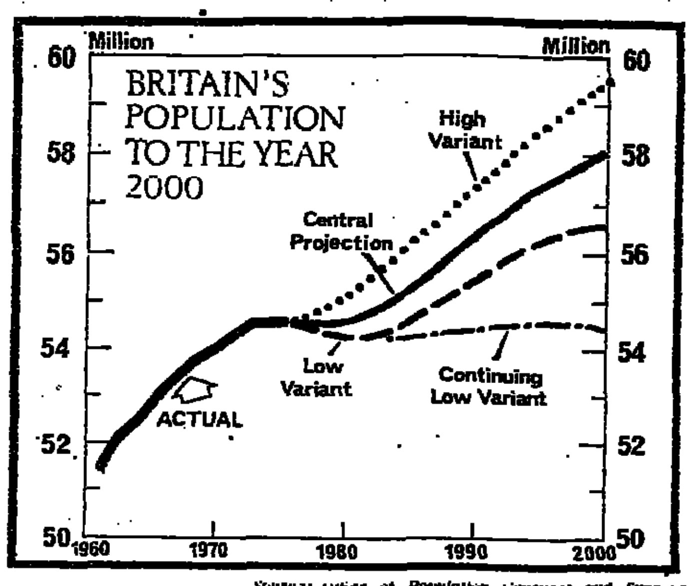
If you have to be so sceptical about population projections, it may be asked, why should the forecasts by Mr. Davis be taken seriously? The answer is that there are two kinds of projection. The one is firm, for it is based upon what has happened in the past. We can be fairly certain even to-day about how many people aged 75 or over will be alive, wars permitting, in the year 2051. The uncertainty becomes overwhelming when they try to guess future birth rates; so far it has proved devilishly difficult to forecast how many people will decide to have babies before the people themselves have taken the decision.

Now Mr. Davis's calculations about the age structure of the population over the next quarter of a century are very largely based on what has already happened. In 1931 there were fewer than 40 people over the usual retirement ages for every 100 under the age of 15, the equivalent figure to-day is about 70. The reason is that the birth rate was very high indeed at the turn of the century, when births were running at over 1m. a year as compared to under 700,000 now.

In the early 1980s, however, the population over retirement age will be increasingly derived from those born in the interwar years, when birth rates were very low. And so there will be fewer pensioners; at the same time the children born during our immediate post-war baby boom—which co-incided almost exactly with the famous 13 years of Tory rule and came to an abrupt halt in 1964—will themselves be having children, so that the absolute number of births should then increase unless the number of children per family falls below its present historically low level. (Our current birth rate is uncannily close to the troughs reached during the Great Depression.)

Dependents

It is because of these past bumps in the population curve that we can be fairly sure that the ratio between old and young will shortly begin to alter in favour of the young; if it is an ageing population that worries you, this news must be taken as encouraging. A different calculation must be made about the ratio between dependents and working people. The dramatic fall in the birth rate since 1964, which is still continuing means that for the next few years at least there will be far fewer children to support; this



Source: Office of Population Censuses and Surveys

makes the total number of dependents (under-15s plus pensioners) far lower relative to the working population.

If such arithmetic is to be used for working out important policies—for example, public spending plans over the next five or ten years—it must be refined and presented in greater detail. Mr. Davis does this in a paper presented to a recent symposium at the Centre for Studies in Social Policy. For instance, it may be a relief to know that the number of men over 65 and women over 60 in 1991 will be only 500,000 higher than it was in 1974, but there is, naturally, a catch.

It is this: the number of people aged between 65 and 75 (or 60 and 75 in the case of women) will fall by about a quarter of a million during that period. Such people are often able to work in small retirement jobs, taxes permitting, or fend for themselves in other ways. But the numbers over the age of 75 will *increase* by some 750,000 during the same period, and it is these people who are likely to need health and social services, at great cost.

Again, the Department of Education has taken the latest projections and calculated from them that in England and Wales alone the number of children at school is likely to fall by at least 1.25m. (or some 14 per cent.) over the next ten years, and possibly a great deal more.

We already know the school population of 1982; the determining factor after that will be the birth rate from this year onwards, although there must be *some* increase after the late 1980s unless the large army of post-war babies, by then grown up, decides to cease having children altogether.

In housing the contribution of demography can be useful if it is treated as one of several social indicators, as a paper presented to the same seminar by David Eversley and Alan Evans demonstrates. Since 1971 the population has grown by 400,000—but the number of dwellings has been increased by a net 800,000, they remind us. This does not mean that there is a neat fit between people and houses, with a surplus left over. What it does mean, in my view, is that large-scale overall housing strategies and policies are no longer relevant; the need is to try for a best fit in specific local areas.

Housing

People are having smaller families, but too many councils are building three-bedroom dwellings. Much future demand is likely to come from badly off single persons (like elderly widows), who need low-rent flats, and the striving, two-adult young family, who need help to buy. Our present public housing policies are largely designed to satisfy the needs of a population which will have changed beyond recognition by the time many of the new buildings are up.

The only serious short-term obstacle to the use of this kind of demographic analysis as a tool of planning is the old familiar one: if it does not fit in with political preconceptions then at the end of the day the Government will not have it. But since this is good news week it is perhaps better to concentrate on the thought that on the day after that the very force of the arithmetic will oblige whatever Government is in office to accept the logic of social change.

This applies to calculations based on events that have already happened: when demography relies on notions about how many babies people will choose to have in the future it is on very uncertain ground. At the moment we are not even replacing ourselves. To achieve this we should arrange an average family size of 2.1; present annual fertility rates suggest a figure of 1.8. The differences are of major importance. We can be certain, now, that in 1991 there will be 9.7m. pensioners and about 34.5m. persons aged between 15 and retirement. But will there be 10m. children of 14 and under, or 13m.? The lowest figure is based on to-day's fashion for having very few babies; the highest on a return to earlier, bumper, levels.

There are several reasons why a figure at the low end of the scale seems sensible. People managed to avoid having babies during the Great Depression even though the birth control pill was not yet invented—and to-day they may have similar emotional reasons for not wanting families, *plus* the highly efficient pill. The position of women in our society is qualitatively different from what it has been at any previous time, and this may be the fundamental difference. Over a third of those married during the past five years have not yet had children.

For demographers, and everyone else, the big question is: are these postponed births or cancelled births? It is probable that even the potential parents themselves do not yet know. The current inclination is for an increasing number of women—including growing numbers of working-class wives—to regard motherhood as an interruption to the process of earning a wage. That is a complete reversal of previous attitudes. This is not only a British phenomenon, but something to be found in a number of West European countries, including West Germany where prosperity has not resulted in a high enough fertility rate to maintain the population at its existing level.

Short-term

These are questions of greater importance to the ant-hill then the difference between a 3 per cent. wage norm and one of 4 per cent. Reading the bumps in the population graphs of the past is a vital means of planning short-term policy changes (assuming a rational world, which we must allow ourselves to do sometimes if we are to stay sane), while watching the birth rate is of great importance for the long term. The globe is overcrowded, but we may not wish for a drastically shrinking British population: if that is so there may be a case for policies of encouragement—like shifting the balance of spending back in favour of the family—to a far greater extent than in the recent Budget.

Letters to the Editor

Tax relief on life premiums

From Mr. C. Bishop.

Sir,—I regard myself as a reasonably well-balanced individual who can usually see some logic at least in successive Chancellor's Budget pronouncements, even if I am by no means always in agreement.

Much has already been said concerning the major points of this year's proposals, but to my knowledge and until the recent publication of the Bill, no reference has been made to an apparently insignificant proposed change in the law governing the availability of tax relief against qualifying life assurance premiums.

Certainly, the Chancellor did not see fit to include in his speech warning that he proposes disallowing *from* 1979-80 tax relief on all such premiums in excess of £1,500 per annum. Seen in the context of a determined Socialist drive to kill permanently any aspiration an individual may have to strive for an earned income higher than that of the skilled shop floor worker, perhaps the justification for playing down this fearfully damaging provision is all too evident.

But the implications are very real. Can we ever again rely on future Chancellor's speeches as accurately dealing with all aspects of their proposals? And what possibly can be the justification for such nitpicking legislation? Less will be available for investment by the life offices in British industry, so desperately needing the injection of fresh cash, we are constantly reminded. And of course the life offices themselves will suffer, since the average policy size must reduce, thus raising the incidence of expenses and worsening the return to the "run of the mill" policyholder whose continued and undaunted wish to save is so heavily applauded by those who would prefer to benefit from the munificence of the Welfare State.

Clive Bishop.

City Assurance Consultants,
The White House,
100, Wimbledon Hill Road,
S.W.19.

Invisible earnings

From Mr. T. Scrutton.

Sir,—Is it not time some prominence was given to the contribution made by the private sector towards our so-called invisible surplus.

For decades our "invisibles" have substantially helped to reduce our trading deficit or, in good times, to supplement the overall surplus. So many of the uninformed, vociferously clamour for investment at home rather than overseas; these people should spend more time studying the facts. In my own company, for example, our overseas earnings have grown from [illegible] per cent. to 82 per cent. of our total profits in the last decade, while in volume terms overseas earnings have grown by [illegible]0 per cent. against U.K. earnings of only 68 per cent.

I suggest that this is no bad thing for Britain and it is interesting to study the official published figures of invisible trade. The following facts emerge: In 1974 (the latest figures available) the invisible surplus of £1.4bn. plugged almost half the visible deficit of £3.2bn. For the first time in almost a decade the growth in the private sector was insufficient to offset the Government's deficit in the public sector. The public sector takes in such things as defence spending, overseas aid, maintaining our hugely extravagant overseas embassies and interest on foreign loans. The last item above, for example, has grown from £430m. in 1960 to £1.5bn. in 1974. During the same period the net private invisible surplus has grown from £586m. to £3bn.

Incidentally, I am tired of seeing all the credit for our invisible surplus attributed to the "City." The media always refer to our surplus being for such things as banking and insurance, etc. The City, in fact, accounts for around a third of the private sector invisible surplus which is very creditable but remember also the tourist industry which in 1974 earned almost as much as the City.

T. A. Scrutton.

Merlons, Manor Lane,
Gerrards Cross, Bucks.

Giro and the banks

From Mr. S. Schattmann.

Sir,—You report (April 29) that the National Giro will supply Thomas Cook traveller's cheques and foreign currency. Bearing in mind that Thomas Cook is a fully-owned subsidiary of Midland Bank, does this indicate a more realistic attitude of the clearing banks towards the National Giro? It is more than overdue.

Stephan Schattmann.

65c, Wigmore Street, W.1.

Such slovenly legislation

From Mr. R. Brooke.

Sir,—There are many other ludicrous (but not priceless) aspects of consumer credit legislation beyond Mr. Benn's comments (April 28). Two, for instance, are the Babel Factor and the Sisyphus Factor.

The first is the result of the modern passion for all-embracing legislation to do away with doubts and imprecision. Anyone who has heard the Act's drafter expound on his subject will have admired his sincerity and competence. Why, then, is a statute, designed to help the man at the dotted line, the subject of such detailed wrangling between the Office of Fair Trading and the other interested parties as what it all means, long before it is even in operation? Will the consumer ever understand a word of it when the most experienced are baffled? Even the OFT's explanatory leaflets confuse as much as clarify.

The Sisyphus Factor can be illustrated by previous efforts of the same breed—the HP Acts of 1964/65. There is a mysterious force which ensures that power exerted with good intentions creates an equal response in the opposite direction. Thus, for example, by preventing the lender from protecting himself against abuse except after the law's delays, many, many thousands of consumers now have judgments registered against them, who would otherwise have lost what they weren't paying for and been able to start again. Now they can't.

The Consumer Credit Act contains not one new thought but merely updates and expands the errors of the earlier HP Acts. There will be no shortage of solicitors and barristers to keep the stone rolling while the poor protected consumer continues his uphill struggle, and picks up the bills. A more cynical taxpayer than myself might even assume that the reason for such slovenly legislation is the very high percentage of legally qualified MPs.

R. D. Brooke.

3, River View, Enfield, Middlesex.

British salary levels

From The Deputy Director, Aims for Freedom and Enterprise.

Sir,—The latest attempt by the Treasury (reported on April 29) to show that Britain is a relatively under-taxed country again ignores how sharply progressive are our direct taxes. Nor, because it is concerned with taxation as a share of gross national product, does it take account of the fact that salary levels for British managers are much lower (and therefore much nearer to the average earnings of manual workers) than in other industrially developed countries.

In a recent study Professor David Granick, of Wisconsin University, showed that the ratio of incomes of upper management to the average of manual workers in Britain was little more than half that in France. It was also much lower than the ratio in the United States and only a little higher than the Soviet Union. The comparison was based on pre-tax salaries, so that—given the progressiveness of British taxation — post-tax differentials in Britain became even less.

Professor Granick suggested that Britain's egalitarianism of earnings was probably unique among capitalist countries and might account for our poor rate of economic growth since World War II. Be that as it may, the only conclusion to be reached on the Treasury's figures is that—if total taxes are raised in this country—they will be bound now to fall more heavily on the average and lower incomes. That can hardly be a good omen for success in the current negotiations over incomes policy.

Reginald E. Dunstan.

P.O. Box 443, 5, Plough Place, Fetter Lane, E.C.4.

Mortgages and tax

From Mr. G. Gregory.

Sir,—Mr. Hadfield (April 30) in his mistaken defence of mortgage interest tax relief suggests that if we didn't own houses then we would own shares. Surely the chief objection to the special concession of mortgage interest tax relief is that this tax relief is given against a property tax which is not in fact payable. There would appear to be much more grounds for giving relief on the interest paid on a loan for the purchase of stocks and shares, and even then relief equitably would have to be limited to the actual tax paid on the dividends.

We hear so much in defence of tax relief on mortgage interest but very little about the non allowance of tax relief on "rent," which is its equivalent. I accept the advantage of tax relief on my mortgage interest, but would not have the "hard neck" to leap to its defence.

G. H. Gregory.

151a, Commercial Road, Parkstone, Dorset.

Guidelines for teams

From Mr. B. Cranwell.

Sir,—Your article by Michael Dixon on Jerry Harvey's contribution to the American Organisation Development Network meeting will probably be as welcome to practitioners of piecemeal palliatives in organisations as was the recent Lancaster research study to supporters of putting the clock back in the classroom.

There are of course precedents for the exposition of a new principle based on a single experience. No doubt we shall have a rash of new articles and a best-selling paper-back on the Abilene Paradox, full of instant remedies for the manager's desk drawer reference! But to claim that nobody is resistant to change, is as self-evidently absurd as a generalisation as it is for Jerry Harvey to claim as his own amazing discovery the fact there are many people who do not want to work in teams, cannot, or have no reason to.

What can be accepted is that a lot of effort has gone into team-building activities which are either irrelevant to the task to be carried out, or attempt to weld together so-called teams of individuals who have no real interdependence. The Health Advisory Council has been asking for years for more multi-disciplinary teams in mental hospitals, not for the good of the staff, but for the patients. The main obstacles are stated to be unwillingness of certain professionals to consult, and that team work needs management which doctors alone cannot provide.

I have every sympathy for anybody not wanting to get into a team when they know that a lot of time will be wasted to little effect. It is effective management, where a team has to exist to get the job done, which brings decisions, commitment and results which are at least, if not more, professional in their outcome as the disciplines of the participants. Given some reasonable guidelines, teams can achieve these without the organisation developer.

Brian Cranwell.

Dale Loveluck Associates,
74 Banner Cross Rd.,
Sheffield.

Water supplies and shortages

From Mr. P. Millington.

Sir,—The article by David Fishlock (April 30) on water supplies and shortages, discusses at length contentious and expensive proposals to establish a National Water Grid with additional storage and regulation. He only briefly mentions that industry, rather than the domestic user, consumes the larger proportion of public water supplies and that there is scope for greater re-use of water.

It is obvious to those of us involved that a very rapid way of conserving our resources is by re-circulation of water and the use or re-use of non-potable or effluent fluids for cooling applications in industry. Much work on re-cycling effluent has been done by the Central Electricity Generating Board in conjunction with the Thames Water Authority but they are in the position whereby they have no choice but to re-circulate. If they relied on direct water supplies there would be none for anyone else.

The real uncontrolled wasters are small and medium-sized industries who have grown up using drinking water for cooling processes and accepting the costs as a necessary evil, like the rent and rates. Only the very steep rise in water charges, combined with forecasts of more increases to come, is persuading the more enlightened to put in plant for re-circulation. Those who face the capital cost find that the water savings pay for it in a matter of months. As an example, a plastic moulder spending £30,000 per year on cooling water (and, incidentally, using 30m. gallons of our resources) put in recirculation equipment costing £11,000 and saved over 95 per cent. of his annual water costs.

I sometimes think that the water authorities might show more interest in opportunities to save water by methods which are available now. Rather than condemn the public to five inches of bathwater, they could turn their attention to promoting re-circulation in industry — or would that reduce their revenue too much?

P. E. Millington.

Carter Industrial Products,
Redhill Road,
Birmingham.

The Abilene Paradox

From the Editor, Maintenance Engineering.

Sir,—Michael Dixon's report on Prof. Harvey's discovery of the Abilene Paradox (April 28) is an interesting restatement of something that has been known for hundreds, maybe thousands, of years—that a committee will, eventually, come to a wrong and stupid conclusion. So what's new? The 11th Commandment is also very old. It states, very simply, "Thou shalt not commit."

H. R. Heap.

Mercury House,
Waterloo Road, S.E.1.

Bite on the bullet

From Mr. K. Pearson.

Sir,—The firm for which I worked gave me the option of a 10 per cent. cut in salary or the sack. Redundancy was not in the dictionary in those days, for I am talking about the 1930s. The choice was clear—a lower standard of living or starvation. The choice remains the same to-day.

Let the TUC accept this kind of medicine and we will see Len Murray shake his head and say, "I don't know why the pound is now $3—it just doesn't make sense."

K. G. Pearson.

Stella Maris,
Camp Road,
Freshwater, IoW.

To-day's Events

GENERAL

Figures of U.K. official reserves for April issued.

CBI Industrial Trends Survey for April published.

General Ernesto Giesel, Brazilian president, begins State visit to U.K.

EEC Foreign Ministers end two-day meeting, Brussels.

Mr. Fred Peart, Minister of Agriculture, meets fishing industry representatives to discuss increasing harassment by Icelandic gunboats.

International Tin Council special meeting, London.

Financial Times two-day conference—The North Sea in 1976—ends, Oslo.

Greater London Council considers its Transport Committee's recommendation that public off-street car parks be licensed.

Mr. Maxwell D. Thornton, president, Faculty of Actuaries in Scotland, addresses Industrial Forum on "The Actuary and Life Office Management." Barrington House, Gresham Street, E.C.2.

PARLIAMENTARY BUSINESS

House of Commons: Rent (Agriculture) Bill, second reading. Atomic Energy Authority (Special Constables) Bill and Land Drainage (Amendment) Bill, remaining stages.

House of Lords: Crofting Reform (Scotland) Bill and Freshwater and Salmon Fisheries (Scotland) Bill, report stage. Endangered Species (Import and Export) Bill, committee.

OFFICIAL STATISTICS

Capital issues and redemptions during April. Vehicle production and estimates of new car registrations (April—provisional).

COMPANY RESULTS

Laporte Inds. (full-year). Mothercare (full-year).

COMPANY MEETINGS

Ballantyne (H.), Walkerburn, 12. Bate (William), Sutton Coldfield, 12. Bury and Masco, Manchester, 12. Cartwright (R.), Birmingham, 12. Family Investment Trust, 20, Fenchurch Street, E.C., 2.30. Grindlays, 23, Fenchurch Street, E.C., 3. Ingham (George), Halifax, 12. Rentokil, East Grinstead, 12.30.

COMPANY NEWS + COMMENT

BHS peak £21.9m.—exchange provision

CONTINUING its improvement into the second half, pre-tax profit of British Home Stores rose by 17.8 per cent. to a record £21.91m. in the 53 weeks ended April 3, 1976, after £6.37m., compared with £5.86m. in the first half.

But after a £4.2m. provision for exchange loss on the $U.S.25m. loan calculated at April 27, including the estimated costs of liquidating the liability, the atributable profit at year-end is down from £8.9m. to £6.5m. Including VAT sales expanded by 30.2 per cent. to £210.63m.

Adjusting for the one-for-eight November rights issue, stated earnings are up from 18.86p to 21.99p per 25p share—as forecast dividends total 10.2115p (6.9551p) net—Treasury consent has been obtained—with a final of 6.2p. A one-for-one scrip is proposed.

	1975-76 £000	1974-75 £000
Sales	210,622	161,795
Trading profit	25,404	21,048
Interest received	2,454	2,166
Depreciation	3,502	2,855
Interest payable	1,852	1,241
Pension fund	797	461
Profit before tax	21,911	18,596
Tax	11,310	9,800
Net profit	10,601	8,796
Provision exchange loss	4,200	—
Deficit properties disposal	34	22
Discount redemption deb., etc.	121	122
Attributable	6,501	8,896
Preference dividends	21	22
Interim	1,820	1,556
Final	3,165	1,600
Retained	1,495	5,718

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Advance Laundries	1.21	—	1.1	1.51	1.38
Brit. Home Stores	6.2†	July 1	3.53	10.21†	6.96
S. Casket ....int.	0.75	June 25	0.64*	—	1.76*
Davies & Newman	4.36	July 31	4.12	6.54	6.13
Estates & Agency	0.38	—	0.38	0.38	0.38
G. R. (Holdings) ......int.	3.5	July 6	3.5	—	15.5
Haden Carrier	4.34	June 19	4.02	7.09	6.32
Manchester Liners	4.03	—	4.03	5.03	5.03
James Shipstone	4.9	—	4.43	7.53	7.05
Tootal	1.49	July 2	1.32	2.22	2.04
Tysons	1.93	June 26	1.75	1.93	1.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Avon Insurance

Avon Insurance, a member of National Farmers Mutual Insurance Group, achieved a surplus of £156,609 in the fire and accident account in 1975 and an overall profit of £538,451 was recorded. Life business continued to develop over the year, the fund increasing by £1.2m. to £9.6m.

Mr. R. Cary, chairman, expresses satisfaction with the results. The *householders' account continued* to expand, but he is uneasy over the reluctance of policyholders to revise sums insured frequently and adequately. He hopes that policyholders will change their insurance to the new index-linked policy introduced last year.

Private car insurance benefitted from a slowing down in rates of increases of claims, but the experience of the motor cycle account was appalling despite the steep premium increase in July. The company was giving the problem urgent attention particularly in respect of young drivers of large machines.

First half rise at G.R. (Holdings)

FROM HIGHER turnover of £7.68m., compared with £6.65m., taxable profit of G. R. (Holdings) increased from £780,236 to £892,944 in the six months to December 31, 1975—for the year 1974-75 profit was a record £1.35m.

The interim dividend is kept at 3.5p net, absorbing £36,169. Last year's final amounted to 12p.

Net profit for the first half was up from £375,236 to £430,944 after tax of £462,000 (£405,000). After minorities, the attributable balance comes out at £388,172, compared with £342,895.

The group is engaged in the processing and merchanting of sheepskins and furs, together with the manufacture and sale of garments and other products made principally of sheepskin, suede and leather. The group also operates Grayshott Hall, which provides facilities for health and relaxation.

● comment

Profit margins of G. R. Holdings are holding steady and pre-tax *profits are up 14 per cent.* on a 15 per cent. turnover increase. The seasonally important first half has been boosted by rising sheepskin prices, but margins may begin to suffer as GR runs down its earlier stock of sheepskins. However, the current half is, apparently, seeing a continuation of the first six months' profits growth rate. The Australian subsidiary is contributing to this improvement. The shares rose 2p to 238p where the yield is 10.2 per cent., covered 3.8 times.

S. Casket ahead at halfway

CLOTHING manufacturers, distributors and retailers, S. Casket (Holdings) announces an improvement in taxable profit from £304,612 to £448,074 for the half year to December 31, 1975.

The directors state that current trading is now back to a stable level and while order books are more healthy, margins are *still under constant pressure.* However, they are reasonably confident that the company will still *return another good result* for the current year and intend to at least maintain last year's level of dividend.

The interim dividend per 10p share is stepped up from an adjusted 0.636p to 0.75p net, and as at this time last year a one-for-ten scrip issue is proposed. Last year's total dividend was 1.75526p from profits of £906,000.

● comment

S. Casket's interim pre-tax growth of 47 per cent. may be its last big jump for some time as it adjusts to import restrictions on Taiwan, its main source of imports. The company has reverted to Hongkong for supplies but with little success as the supply situation there is tight, although purchases from South Korea are helping the situation. So, the company has to make do with expensive domestic manufactures to make up *for the shortfall* meanwhile. This compounds an already growing sales resistance among consumers. But the effects are not expected to be felt until the next year and profits of £1.04m. pre-tax look a minimum expectation for 1975-76. At 46p, the 1975-76 *yield is 6 per cent., covered 5.8* times by prospective earnings.

Davies & Newman £0.2m. up

TAXABLE PROFIT of shipbrokers, shipping agents and airline operators, Davies and Newman *Holdings rose from £1.14m.* to £1.36m. on turnover £13.7m. higher at £52.8m.

Earnings per 25p share expanded from 12.6p to 14.8p and the final dividend is 4.36007p net for a 6.540105p (6.12849p) total.

Chairman Mr. F. E. F. Newman *says that with regard to prospects,* although low freight rates and poor ship values are likely to prevail for some time, the shipbroking company should continue to hold its own in the foreseeable future and produce a satisfactory result. Dan-Air's increased capacity is fully booked this summer and budgets for the year indicate a satisfactory position. It is necessary to stress, however, that the economic uncertainty has never been greater but, leaving this aside, he see no reason why the group's profitability should not be maintained.

	1975 £000	1974 £000
Turnover	52,806	39,109
Shipping	1,026	933
Aviation	51,780	38,176
Operating profits	1,269	1,188
Shipping	302	335
Aviation	967	853
Interest and invest. income	*307	291
Interest payable	425	370
Share of assoc.	5	28
Profit before tax	1,356	1,137
Tax	710	625
Net profit	646	512
Minority profit	2	*1
Attributable	644	513
Interim div.	94	82
Final	192	174
Received in scrip	—	174
Retained	358	431

* Loss.

● comment

Thanks partly to a sharp rise in investment income Davies and Newman's profits are 19 per cent. higher before tax and the shares rose 4p on the results to 96p. The group was able to offset much of the decline in shipbroking profits by increasing the contribution from its sale and purchase agency—the group benefited from the shipowners eagerness last year to trim their fleets—but the real growth in 1975 came from the aviation side where operating profits rose 12 per cent. against 6½ per cent. for the group as a whole. The growth in this division is continuing in the current year and although an excessive prolongation of the shipping crisis could eventually present serious problems, the group is confident that it can maintain profits in the current year. The shares yield 11 per cent. covered 2¼ times. Balance sheet cash currently equals around 107p per share.

Good start by Stag Furniture

A CONTINUED policy of steady expansion is confidently predicted by Mr. P. V. Radford, chairman of Stag Furniture. All companies in the group are working to capacity and both turnover and profit for the first quarter of 1976 are very satisfactory, he says.

In recent weeks there has been some slackening in demand for domestic furniture, but it is too early to forecast whether this is likely to persist, he adds.

Pre-tax profits for the year ended December 27, 1975, already *reported, advanced from £780,798* to £1,302,151. The dividend is 5.8694p (5.5p) net and a 1-for-2 scrip issue is proposed.

Mr. Radford considers the results very satisfactory and explains that they were made possible by the continued growth of the original Stag companies and by the contribution from Yatton Furniture which was acquired during the year.

Chairman's statement, Page 24

INDEX TO COMPANY HIGHLIGHTS

Dealings start for IPG

Dealings in some 2.6m. shares of the American advertising agency, Interpublic Group of Companies Inc., began yesterday in London.

The group is to propose to shareholders next week the doubling of its authorised capital to 8m. shares. At the end of last week the shares were being quoted in New York at $25 giving the company a market capitalisation of $66m. (£36½m.).

The London listing is the group's first outside New York and it has come to London to develop its corporate image in Europe where it sees growth potential. In 1975, IPG made $7.9m. ($6.9m.) net income from turnover of $178m. ($157m.) and the dividend was recently increased to $1.20 a share. In the first quarter of this year the chairman said net profits were up 14.3 per cent. to $854,000. Singer and Friedlander and Greenwell and Co. introduced the shares.

THF sees midterm increase

LORD THORNEYCROFT, chairman of Trust Houses Forte, told the AGM yesterday that results for the first half of the year were expected to be up, in line with the trend of the second half of 1975.

However, the weakness of sterling "has not in general helped us," Lord Thorneycroft added, and he reiterated the warning that further provisions would have to be made this year in respect of foreign currency borrowings. Last year a provision of £5m. was made after tax in the accounts to cover a possible increased liability on foreign currency loans. Any increased net liability on this account is due mainly, it is understood, to the group's SF100m. loan which although due for repayment in early 1977, is largely unmatched by foreign assets.

On the other hand, Lord Thorneycroft told shareholders that the devaluation of sterling had also attracted large numbers of tourists to the U.K. and that this is reflected in the number of forward bookings for the group.

BELGRAVIA ASSETS

Shareholders in Belgravia Assets are being asked by Mr. M. Stewart, a shareholder who with associates hold s3.87 per cent. of the equity, to support a call for an EGM to consider a possible unitisation.

Mr. Stewart argues that the current share price of Belgravia an investment trust is standing *at a substantial discount to asset* value and such a move would double the value of the investment and enable holders to sell as many shares at the higher price as desired

Haden Carrier up 7.6% to £3.26m.

GROUP TURNOVER for 1975 of Haden Carrier expanded by 13 per cent. from £127m. to £144m. and trading profits rose by 16 per cent. to £4.4m. *Higher interest* charges, however, reduced the rise at the pre-tax level to 7.6 per cent. with profits of £3.26m. against £3.03m. after £0.93m. against £0.37m. for the first half.

Tax, kept high by non-allowable *losses in some overseas subsidiaries*, took 62 per cent. of pre-tax profits at £2.02m. against £2m. After minority interests and extraordinary items including terminal losses in respect of unremunerative small activities, the available profit for ordinary shareholders was *£1.04m.* compared with £941,000.

Stated earnings are 15.2p per 25p share against 12.9p and a final dividend of 4.337p net lifts the total from 6.518p to 7.087p, the maximum permitted.

Despite higher turnover the group's cash position remains healthy, states Mr. F. A. Pullinger, the chairman.

Although the overall results were in line with the expectations, the performance of the three divisions in 1975 was uneven, he tells members. While the U.K. building engineering services division increased profits by 75 per cent., and the Haden International division by more than 100 per cent., the Carrier Drysys division made a trading loss of £570,000. This setback was not entirely unexpected and was in part *the* result of heavy cost inflation on contracts taken several years ago, and also of a near 19 per cent. decline in turnover.

The decline reflected a severe downturn in industrial activity throughout the world, particularly in the motor industry from which the division normally derives an important part of its profits. Economies have been made and the size of the organisation has been cut back significantly in some areas, though the capability to handle projects *of any magnitude has been* maintained.

Looking to the future, Mr. Pullinger says that the effects of the steadily increasing involvement in the Middle East and other oil-rich territories will begin to show in 1977. In that year, too, he expects the under-utilised capacity in Carrier Drysys to be taken up by new capital investment in the European motor industry for which firm plans now seemed to be in preparation. Although he does not look for any improvement in group profits this year, he is therefore "reasonably optimistic" about the future trend.

	1975 £000	1974 £000
Turnover	143,844	127,023
Trading profit	4,425	3,814
Share associate	43	4
Interest charges	1,204	785
Profit before tax	3,264	3,033
Tax*	2,015	1,995
Net profit	1,249	1,038
Minority interest	60	25
Extraord. charges	143	61
Pref. dividends	11	11
Ordinary dividends	549	505
To reserves	486	436

* U.K. corporation tax £13,000 (£20,000), overseas £1,030,000 (£1,070,000), deferred £1,040,000 (£846,000), less £90,000 in respect of previous years (£57,000 charge). Associate company's tax £22,000 (£2,000).

● comment

A decline in capital investment by the motor industry caused Carrier Drysys subsidiary sharply into losses last [...] wiped out most of th[e ...] from the rapid growth [...] Profits for the year w[ere ...] cent. higher before tax, [...] a 12 per cent. drop in t[he ...] six months. The bu[ilding] engineering division is [...]ing its way through [...] forward order position [...] by the £20.8m. work-in-p[rogress ...] the 1974 accounts) but [...] are now coming thr[ough] slowly and with no rea[l ...] expected yet from Carr[ier ...] this year looks like be[ing] consolidation rather th[an] growth. The group e[xpects to] *return to profits growt[h]* when it expects Ha[den Inter]national to receive a b[...] expansion in the Middle [East] by which time it hope[s ...] Carrier Drysys back [...] The shares which drop[ped ...] the results to 116p, [...] *yield 9½ per cent.* c[overed ...] times.

Advance Laundries record

AFTER BEING up fr[om ...] to *£1.28m. at half-w[ay ...]* profit of Advance [...] improved from £1.66m. [...] £2.55m. during 1975. [...] was up from £15.9m. [...]

Net final dividend is [...] 10p share, making [...] 1.5074p, compared w[ith ...] They absorb £445,648 [...]

	19[..]
Turnover	[illegible]
Profit before tax	[illegible]
Tax	[illegible]
Net profit	[illegible]
Minorities	[illegible]
Extraord. debits	[illegible]
Attributable	[illegible]
Pref. divs.	[illegible]
Ord. divs.	[illegible]
To reserves	[illegible]

* Credits.

● comment

Advance Laundries' [...] took in a pre-tax pr[ofit ...] 11 per cent. on a [...] improvement in turn[over ...] half comparisons we[re ...] by the effects of th[e ...] week in the same pe[riod ...] previous year. Cu[rrent] trading pattern conti[nues ...] to last year with th[e ...] and Dustmaster ventu[re ...]ing strongly and co[...] wage levels (pay [...] around two-fifths of [...] helping the group to [...] 13 per cent margins. [...] overseas, provision ha[s ...] made for the smal[l ...] interest but the Cyp[rus ...] is reported to be oper[ating ...]ably in spite of politic[al ...] At 23p the 10.6 per [...] *and p/e of 7.5 seem[s ...]* expectations of s[...] undramatic progress. [...] about four-fifths of t[he ...] shares. The dividend [...] nearly twice.

TOOTAL

Preliminary Announcement

for the year ended 31st January, 1976

The year proved exceptionally difficult for certain of the U.K. operations but profits arising from overseas operations were substantially better. In North America there was a strong recovery in the latter part of 1975/76 and this has continued into the current year. Group activities in Africa made an important contribution to the year's trading profit but there are significant minority interests involved which reduce the impact on profits attributable to the Parent Company. It is planned to continue to expand overseas activities. In the U.K. future investment will be concentrated in the growth areas of the Group and steps are being taken to reduce investment in areas from which the return is inadequate and unlikely to improve significantly in the future. For example, the Hide Group of stores has been sold and, as already announced, involvement in some traditional textile manufacturing operations is being reduced.

It is considered too early to give a forecast for the current year, but the start to the year is encouraging with Group profits for the first two months showing a marked improvement over the corresponding period in the previous year.

	1975/76 £'000	1974/75 £'000
SALES to outside customers	257,802	234,923
TRADING PROFIT		
United Kingdom		
Textile activities	5,124	8,984
Retail	1,549	964
Non-textile	233	1,496
	6,906	11,444
Overseas textile activities		
North America	2,131	1,721
Africa	4,311	2,478
Asia	1,672	1,526
Australasia	435	839
Europe	721	886
	9,270	7,450
	16,176	18,894
Central expenses	1,065	818
TRADING PROFIT before interest	15,111	18,076
Interest	5,977	4,907
PROFIT BEFORE TAXATION (Note 2)	9,134	13,169
Taxation (Note 3)	3,100	6,522
PROFIT AFTER TAXATION	6,034	6,647
Minority interests	1,119	714
PROFIT before extraordinary item	4,915	5,933
Extraordinary item (Note 4)	1,182	—
PROFIT ATTRIBUTABLE TO TOOTAL LIMITED	3,733	5,933
Dividends		
Preference	206	206
Ordinary	3,046	2,789
PROFIT RETAINED	481	2,938

NOTES

(1) Earnings per ordinary share were 3.4p (1974/75 4.2p) (See Note 3).

(2) Trading results of overseas subsidiary and associated companies are included in the Group results by reference to year end rates of exchange. Movements in exchange rates between the beginning and end of the year have increased the 1975/76 profit before taxation by £679,000. They also result in a credit to reserves of £3,702,000 on conversion of foreign currency assets and liabilities as at 1st February, 1975.

(3) There has been a change in the basis of providing for taxation in that deferred taxation has not been provided on timing differences arising during the year in United Kingdom companies on the excess of tax allowances on plant and equipment over the related depreciation charges, and advance corporation tax, which would previously have been set off against deferred taxation in respect of such differences, has been charged to profit and loss account. The effect of this change is to reduce the charge for taxation and to increase the profits for the year after taxation and before extraordinary items by £880,000 (equivalent to 0.6p per share).

(4) As advised in the interim statement the extraordinary item represents the loss on disposal of the Hide Group of stores.

(5) Expenditure on fixed assets, net of grants, was £14,037,000 (1974/75 £13,482,000).

(6) Net borrowings at 31st January 1976 showed no material change from the level at the end of the previous year, leaving the ratio of borrowings to shareholders' funds virtually unchanged. Substantial facilities for finance remain available and are adequate for current requirements.

ORDINARY DIVIDENDS

Despite the decline in profit for the year as a whole, the Board feels justified in recommending, in the light of the improving results in the second half and the encouraging start to the current year referred to above, the maximum permissible increase in the rate of dividend on the Ordinary Shares. A final dividend of 1.497p per Ordinary Share is therefore recommended payable 2nd July, 1976 (record date 28th May, 1976) which, together with the interim dividend of 0.72p per share already paid, will make a total for the year of 2.217p (1974/75 2.037p). Including the relevant tax credits this represents an increase of 10% in the gross equivalent.

The Annual General Meeting will be held in Manchester, on 23rd June, 1976

Tootal Limited, 56 Oxford Street, Manchester M60 1HJ

RESULTS AND ACCOUNTS IN BRIEF

AUTOMATED SECURITY (HOLDINGS)—Results for the year ended November 30, 1975 already known. Fixed assets £1.5m. (£1.29m.). Net current liabilities £93,213 (£93,872). Progress will continue in the current year and enable the company to resume a dividend policy. Meeting Hampstead High Street, N.W., on May 24 at 11 a.m.

BARR AND STROUD—Results for 1975 reported April 1. Fixed assets £1.14m. (£0.95m.). Investments £1.36m. (£1.34m.). Net current assets £0.96m. (£0.49m.). The company has a strong order book and the directors look forward with confidence. The majority of the company's activities are connected with defence work and are subject to the threat of further defence cuts. Fortunately this work is well spread through the MOD and overseas customers. Nevertheless it is the directors continued endeavour to increase the proportion of the company's work outside the defence field. Meeting, Glasgow on May 25 at 10.30 a.m.

T. F. AND J. H. BRAIME (HOLDINGS) (deep drawn press work specialists)—Results, 1975, reported March 18. Group fixed assets £260,302 (£272,926), current assets £855,179 (£875,374) and liabilities £295,258 (£297,644). Chairman reports that output for the early months of the current year is being maintained at the 1975 level. Meeting, Leeds, May 11, at 3.15 p.m.

BRISTOL STADIUM AND OXFORD STADIUM—Group net profit for 1975 £62,254 (£51,171), after tax £29,997 (£25,559). Fixed assets £312,171 (£251,634), current assets £93,234 (£45,840) and liabilities £91,508 (£80,500). Meeting 11, Mansfield Street, W., May 25 at 12.30 p.m.

CITY AND COMMERCIAL INVESTMENT TRUST—Results year ended January 31, 1976 reported March 6. Investments at market value £11.5m. (£7.65m.), net current assets £0.46m. (£0.22m.). Meeting, 117, Old Broad Street, May 28, noon.

CLARKE, NICHOLLS AND COOMBS (*property investment and development*)—Results, 1975, reported April 10. Fixed assets £1.67m. (£1.22m.), net current assets £2.14m. (£2.15m.). Financially company is soundly based. Meeting, Great Eastern Hotel, E.C., May 26, noon.

ESTATES AND AGENCY HOLDINGS—Dividends for 1975 0.375p net (same) per 25p share. Turnover £90,497 (£85,680). Profit £44,462 (£36,693), before tax £21,347 (£19,080). Attributable to holders £14,190 (£12,150). After extraordinary debit £8,745 (£6,965). Earnings per share 0.97p (0.75p).

HIGH GOSFORTH PARK COMPANY—Dividends 9.02475p (8.025p) for 1975, payable June 8. Profit £9,375 (£6,698). After tax £745 (£19,129). Deferred tax £2,700 (£15,500). Over-provision in prior years £3,466 (nil). Exceptional items of expenditure £23,045 (nil). Earnings per share 9.21p (7.59p).

HANGER INVESTMENTS — Results, 1975, reported March 29. Group fixed assets £1.5m. (£3.6m.). Current assets £2.6m. (£2.09m.) and liabilities £1.83m. (£2.55m.). Chairman reports that currently profits are higher than a year ago. Meeting, [illegible] May 27, at 2.30 p.m.

H. AND J. HILL GROUP [illegible]

HILTONS FOOTWEAR—Results for the year ended January 31, 1976 reported April 9. Fixed assets £1.63m. (£1.59m.). Net current assets £1.64m. (£1.38m.). The second half of the current year will show improved results, the chairman states. Meeting, Leicester on May 24 at noon.

HUNTLEIGH GROUP—Results 1975 reported April 1. Group fixed assets £1.27m. (£1.18m.). Net current assets £663,529 (£434,199). Chairman says that the group should do well in the current year and, on indications so far, an advance in turnover and profits is expected. The business is being reshaped and developed to provide a basis for sustained growth, and in the longer term, as far as possible, to insulate the group from the effects of the weakness in the British economy. Meeting *Redditch, May 25, at 3 p.m.*

KODE INTERNATIONAL (computer peripheral equipment)—Results 1975 reported April 7. Group fixed assets £0.79m. (£0.68m.), net current assets £0.73m. (£0.05m.). Orders currently ahead of similar period of 1975. New product range holds exciting prospects for continued growth. Strong financial position enables policy of acquisition and organic growth. Meeting, Calne, May 25, noon.

ROBERT McBRIDE (MIDDLETON)—Results for 1975 reported April 8. Fixed assets £750,504 (£643,420). Net current assets £765,632 (£272,194). Prospects for 1976 are encouraging and the group has the strength to overcome any problems the year may present. Meeting, Manchester, on May 21 at 11.30 a.m.

MILLER RAYNER AND HAYSOM—Results for the year to October 31, 1975 *already known.* Fixed assets £124,601 (£115,540). Current assets £1.26m. (£1.15m.). Current liabilities £543,756 (£478,782). Meeting Oldbridge Road, S.W., on May 27 at noon.

MODERN ENGINEERS OF BRISTOL (HOLDINGS) — Results 1975 reported April 9. Group fixed assets £312,732 (£312,650). Net current assets £933,746 (£745,312). Chairman says that the property development divisions have incurred further losses due to the high cost of servicing capital invested in the few properties still unsold and due to losses on residential properties sold during the year. Meeting, Bristol, May 27, at noon.

SHOEFAYRE—Results, for year ended December 27, 1975, already known. Group fixed assets £1.07m. (£1.02m.). Current assets £2m. (£1.82m.). Current liabilities £444,498 (£478,117). Meeting, Hotel New Ambassadors, W.C., on May 13 at 2 p.m.

THOMSON T-LINE CARAVANS—Results for 1975 already known. Group fixed assets £504,929 (£526,980). Net current assets £914,567 (£944,141). Chairman says that 1976 has started in a more buoyant way and with VAT now halved to 12½ per cent. sales are increasing in volume as a result of which he is more optimistic and confident that the current year will bring improved results. Meeting, Falkirk, on May 26 at noon.

TOYE AND CO. (makers of civil and military regalia)—Results, 1975, reported April 21. Profit was struck after £4,200 compensation for loss of office. Group fixed assets £610,063 (£617,384). Net [illegible]. Meeting, Connaught Rooms, W.C., May 21, at noon.

WOLSTENHOLME BRONZE POWDERS—Results for 1975 already known. [illegible]. Net current assets [illegible]. Meeting, Bolton, on May 24 at noon.

Recovery trend at Tootal

FOLLOWING the first-half set-back, profits of Tootal showed a recovery trend in the second six months of 1975-76, and in the first two months of the current year there has been a "marked improvement" over the corresponding period, the directors report.

Profits for the second half of 1975-76 emerge ahead from £4.84m. to £6.07m., bringing the total for the year up to £9.13m. compared with £13.17m. At the interim stage the directors explained that profits continued to be affected by the world-wide textile recession, both at home and abroad, although they reported some recovery overseas from the depressed levels of the second half of 1974-75. They felt that a significant recovery in 1976-77 group profits could reasonably be expected.

Members are now told that the year proved exceptionally difficult for certain U.K. operations, but profits arising overseas were substantially better. In North America a strong recovery in the latter part of the year has continued into the current year.

The directors point out that activities in Africa made an important contribution to the year's trading profit but significant minorities reduced the impact on the attributable balance.

This balance came out at £3.73m. compared with £5.93m., after tax, heavier minorities of £1.12m. (£714,000), and an extraordinary item of £1.18m. representing the loss on disposal of the Hide Group of stores. Earnings per 25p share are stated at 3.4p (4.2p).

The group plans to continue to expand overseas activities. In the U.K. future investment will be concentrated in the growth areas of the group and steps are being taken to reduce investment in areas where the return is inadequate and unlikely to improve significantly in the future.

In addition to the sale of the Hide Group, involvement in some traditional textile manufacturing operations is being reduced.

In the light of the better second half and the encouraging start to the current year the dividend is being raised by the maximum permitted—from 2.037p to 2.217p net, with a final of 1.497p.

Movements in exchange rates between the beginning and end of the year have increased the 1975/76 profit before tax by £879,000. They also result in a credit to reserves of £3.7m. on conversion of foreign currency assets and liabilities as at Feb. 1, 1975.

	1975-76 £000	1974-75 £000
External sales	257,602	234,923
Trading profit	16,176	19,594
U.K.—		
Textile	5,124	8,964
Retail	1,549	964
Non-textile	233	1,496
Overseas textile—		
North America	2,131	1,721
Africa	4,311	2,479
Asia	1,672	1,526
Australasia	425	839
Europe	721	826
Central expenses	1,865	318
Profit	15,111	18,076
Interest	5,977	4,907
Profit before tax	9,134	13,169
Taxation	3,100	6,322
Net profit	6,034	6,847
Minorities	1,119	714
Extraordinary item	1,182	—
Attributable	3,733	5,932
Preference dividends	306	208
Ordinary	3,046	2,759
Retained	481	2,958

There has been a change in the basis of providing for tax in that deferred tax has not been provided on timing differences arising during the year in U.K. companies on the excess of tax allowances on plant and equipment over the related depreciation charges, and advance corporation tax, which would previously have been set off against deferred tax in respect of such differences, has been charged to profit and loss.

The effect of this change is to reduce the charge for taxation and to increase the profits for the year after taxation and before extraordinary items by £890,000 (equivalent to 0.6p per share).

Expenditure on fixed assets, net of grants, was £14,037,000 (£13,482,000).

Net borrowings at January 31, 1976 showed no material change from the level at the end of the previous year, leaving the ratio of borrowings to shareholders' funds virtually unchanged. Substantial facilities for finance remain available and are adequate for current requirements, the directors state.

Statement, Page 20
See Lex

Second half downturn for Manchester Liners

DESPITE sales levels in monetary terms being maintained in 1975, trading profit of Manchester Liners, a subsidiary of Furness Withy and Co., was only a third of that for the previous year and taxable profit slumped to £2.22m. compared with £6.24m.—which was four times the record £1.53m. turned in for 1973.

However, the directors are sufficiently encouraged by improving trading conditions to recommend maintenance of the dividend total at 5.025p with a final payment of 4.035p net per 20p share.

At midway when reporting profits of £1.82m. (£1.75m.) the directors stated that it would be fortunate if second-half figures matched those of the first.

They now point out that labour troubles in Canada and the U.K. last summer severely restricted North Atlantic container service operations and the trading slump bit into cargo-carryings.

	1975 £000	1974 £000
External turnover	39,679	39,886
Depreciation	2,030	1,738
Operating profit	3,196	7,618
Interest payable	1,327	1,297
Investment income	350	*79
Profit before tax	2,219	6,240
Tax	1,154	3,328
Net profit	1,065	2,912
Extraordinary debits	346	547
Available	719	2,365
Preference dividend	26	26
Ordinary interim	114	114
Final	461	461
Total dividends	601	601
From pension reserve	250	†350

* Deficit. † To reserve.

See Lex

BROCKHOUSE

The Brockhouse Group announces that its ironfounding company R. J. Hunt and Son, of Kings Norton, has changed its name to Brockhouse Hunt.

The change of name is part of a long-term corporate development programme currently being undertaken by the Group.

Fisons well placed for upswing

MR. G. V. K. BURTON, chairman of Fisons, says there is increasing evidence that the trade recession is abating, and while recovery in the U.K. will be somewhat later than in the U.S. and some European countries, the group is well placed to take advantage of the international upswing.

Oversetas earnings have continued their planned upward trend thus reducing further reliance by the group on the U.K. economy. While business in the U.K. has made real progress the political climate for further major investment here is less than encouraging, the directors state.

The group's declared policy to grow overseas was manifested by four particular developments in the year of the EEC referendum. Share quotations were obtained in Frankfurt and Dusseldorf, which followed an initial step of having ADR's available in New York.

The pharmaceutical divisions was further strengthened in Europe by the investment in Laboratoires Gerda of Lyons. The acquisition of Gebruder Haake of Berlin and Karlsruhe, West Germany with a majority holding in a U.S. company broadened the scientific equipment division product base and area of operations.

A site has been acquired in Muskegon, Michigan for long term manufacturing requirements in the U.S. The U.S. is one of the prime target areas for expansion and offers a major market for many group products. Muskegon is to be the location for the group's £2.5m. FICAM plant.

As reported group pre-tax profit increased from £14.57m. to £16.68m. in 1975. Accounts adjusted for inflation on a CPPP basis shows pre-tax profits down from £19.2m. to £17.3m.

The directors say that a broad assessment of the effects of the CCA method has been made and the adjustment for cost of sales under on this basis would be about half that of the CPP stock adjustment figure, whereas depreciation would have been about 60 per cent. higher.

During the year there was an increase in net borrowings of £15.83m. (£6.75m.).

Shipstone tops £1.5m.

FOR 1975 pre-tax profit of brewers, James Shipstone and Sons shows a £165,073 expansion to a record £1.56m. Tax takes £850,000 compared with £730,000 leaving the net balance up from £669,284 to £714,357.

The dividend total per £1 share is raised from 7.045p to 7.527p with a final payment of 4.902p net.

Confidence at Southern Constructions

In his annual statement, the chairman of Southern Constructions (Holdings), Mr. C. A. Mitchell, tells members that he views the future with confidence.

The group is entering 1976 with a record value order book, he says, and the completion of loss-making, long term contracts—which so eroded profits over the last two years—will more than offset the pressure on margins brought about by current conditions.

Although invitations to tender have been running at a high level, the group is actively seeking to enlarge its area of operation.

Overseas work has been and is being investigated; the group can carry out most types of civil engineering construction, and is adaptable to fluctuating demands in any one sector, states the chairman.

As reported on April 14, turnover expanded from £7.36m. to £9.93m. in 1975 and pre-tax profits jumped from £222,819 to £553,981. The dividend total is 0.6954p (0.637p) net. A statement of source and application of funds shows an increase in net liquid funds of £300,390 (£491,803 decrease).

Mr. Mitchell says the result is satisfactory, bearing in mind the adverse influence of the long term, fixed price contracts still being experienced.

Meeting, Portsmouth, on May 26 at noon.

Chairman's statement, Page 24

Crossley Bldg. well ahead

The chairman of Crossley Building Products, Sir Rupert Spier, told shareholders at the annual meeting that the results for the first quarter of the current year were well ahead of the same three months of last year. The present order book for bricks is described to be strong.

"Provided that current demand for new housing continues the results for the year should be comfortably ahead of last year," he said.

Statement, Page 24

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
—	F.P.	—	£25⅛	£21¾	Berry Pacific Fd. US$1	£25⅛	+1⅞	40c	—	8.3	—
$10,500	F.P.	—	$10,500	$9,500	Brasilvest S.A.	$9,500	.....	—	—	—	—
—	F.P.	—	£15⅛	£14½	I.C. Inds.	£15¼	.....	$1.50	—	4.6	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or −
US$100	F.P.	—	$100	$100	Barclays Bk Intl. 9¾% Cap. Notes 1985	$100	.....
§115p	Nil	—	7½	3	Bowring (C.T.) 10% Conv. 1987	7½pm	+½
US$100	F.P.	—	$99	$98½	Brascan Int. Cap Corp 9¾% Guar Notes 1982	$98½	−½
**£99¾	£10	—	10½	10	Chester Water 8% Red. Pref. 1981	10½pm	.....
**£99¾	£10	—	10¼	10	East Worcs. Water 8% Red. Pref. 1981	10pm	.....
£96.5	£40	—	40½	38½	[illegible] 12¼% 1985	40½	.....
**£99¾	F.P.	28/5	100½	99½	Hartlepools Water 8% Red. Pref. 1981	99½	.....
‡‡£100	F.P.	11/6	87½	86	Howard & Wyndham 15% Uns. Loan 1976-91	88	.....
US$100	F.P.	—	99¼	96½	IAC 9¾% Notes 1981	$96½	.....
US$100	F.P.	—	$100¼	$99¾	Manitoba 9¾% Deb. 1985	$99¾	.....
**£99¾	F.P.	13/6	100½	99¼	Mid-Sussex Water 8% Red. Prf. 1981	100½	.....
US$100	Nil	—	100	100	Royal Bank of Scotland Floating Rate 1983	$100	.....
US$100	F.P.	—	100½	100½	Sandvik 9½% Bonds 1986	$100½	.....
‡£100	£50	6/7	74	60	Scot. Met. 9% Conv. '82/6	66	−1
**£99	F.P.	14/5	99⅞	99¼	Sutton Dist. Water 8% Prf. 1981	99½	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Dates †	Latest Renunc. Dates ‡	1976 High	1976 Low	Stock	Closing Price p	+ or −
87	F.P.	30/4	28/5	122	105	BICC	122	+3
120	F.P.	2/3	7/5	151	132	Blackwood Hodge	146	+1
65	Nil	—	—	17	7	Bowring (C. T.)	17pm	+2
20	Nil	19/5	9/6	63	57	Brent Chemicals	63pm	+1
29	F.P.	18/3	15/4	36½	31	Concentric	31	.....
190	F.P.	9/4	21/5	251	216	De La Rue	246	.....
30	F.P.	26/3	30/4	49	38	Dennis (J.H.)	48	.....
30	F.P.	20/4	11/5	94	58	Dew (G.)	94	+1
50	F.P.	5/4	14/5	60	55	Diploma Invs.	60	.....
50	Nil	19/5	9/6	18½	15	Elliott (B.)	18½pm	+5
36	Nil	7/5	18/6	14	8	Eva Inds.	8pm	−1
325	F.P.	2/4	7/5	405	331	Fisons	405	+8
63	Nil	17/5	11/6	13	6	Garnar Scotblair	6pm	−2
115	F.P.	9/4	7/5	177	140½	Gill & Duffus	177	+1
85	Nil	—	—	26½	23	Glynwed	26pm	.....
106	Nil	14/5	11/6	32	25	Greene King	32pm	+1
55	F.P.	26/3	30/4	106	88	Hoffnung (S.)	106	.....
44	F.P.	26/3	30/4	59	56½	Imperial Metal Inds.	56½	.....
55	F.P.	14/4	12/5	63	61	Jacob (W. & R.)	62	.....
56	F.P.	9/4	7/5	77	63½	Letraset Intnl.	75	+2
57	F.P.	3/5	20/7	71½	64	Lloyd (F.H.)	70½	−1
105	F.P.	3/5	9/6	116	106½	Lyons (J.) 'A'	109	+1
70	F.P.	21/4	19/5	96	88	Parker Timber	95	.....
15	F.P.	9/4	14/5	18½	17	Ralne Engineering	17½	.....
45	Nil	22/4	3/6	60½	49½	Rolls-Royce Motors	60½	+½
125	F.P.	4/5	1/6	156	144	Rotork	150	+3
400	Nil	—	—	90	67	Selection Trust	88pm	.....
10	Nil	7/5	28/5	3	2½	Southern Construction	2½pm	−½
38	F.P.	15/4	28/5	54½	47	Statex Int.	54½	.....
64	F.P.	24/2	25/5	118	82½	Stenhouse Hldgs.	114	+5
80	F.P.	2/4	30/4	107	88	Tavener, Rutledge	107	.....
240	Nil	5/5	26/5	60	37	Taylor Woodrow	60pm	+5
42	F.P.	17/3	14/4	64	57	Triplex Foundries	58	.....
87½	F.P.	23/4	3/6	97½	82½	Trust Houses Forte	97	+2
130	F.P.	16/3	11/6	166	140	Turner & Newall	161	+2
46	F.P.	18/3	12/5	56½	47	Ward (T. W.)	54	+½
$A1.20	Nil	18/6	—	39	36	Western Mining	39pm	.....
25	Nil	12/5	18/6	235	205	Weyburn Eng.	220pm	+2
8	F.P.	19/3	20/4	14	12	Whessoe Watson	11¼	.....
70c	F.P.	—	—	81	67	Woodside Burmah	66	.....
70	F.P.	13/4	14/5	91	78½	Youghal Carpets	88	.....

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. ¶ Forecast dividends; cover based on previous year's earnings. M Figures based on prospectus or other official estimate for 1976. r Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. § Offered to holders of Ordinary shares as a "rights." ♥ 390 S.Afr. cents. † Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ‡ With warrants.

BIDS AND DEALS

Wm. Baird in talks with Thos. Marshall

Talks are in progress which may lead to an offer by William Baird for Thomas Marshall Investments, thus forming a £50m. turnover textile combine. Both companies are Marks and Spencer suppliers; in the case of TMI it accounts for about a third of output, and there is scope for the complementary integration of product lines, Baird being large in trousers and TMI in jackets and casual separates.

Baird at 99p is capitalised at £11.1m. and TMI at 86p, up 13p last night, is capitalised at £4.1m. The talks have been instigated recently but the two companies were unable to indicate whether cash or shares were to form the main consideration, should an offer be made.

MR. AUCHINCLOSS PURCHASE

Mr. T. R. Auchincloss—former chairman of Jeyes Group, and until recently a director of Cadbury Schweppes—has purchased the assets of the Jeyes Animal Health Division. He has taken over exclusive worldwide rights for the manufacture and sale of Jeyes Animal Health products, trade marks and patents in the Animal Health field.

The new company trading under the name of Antec International will, in the meantime, continue to operate from the present premises at Thetford.

SMITH (WHITWORTH)

Smith Holdings (Whitworth) has acquired 92½ per cent. of BDM Group of Darwen, Lancs, for £1 together with the assumption of liabilities totalling £131,000.

Profits and assets of BDM are subject to varification, but once planned reorganisation is completed it is expected to make a worthwhile contribution to Smith's profits.

METAL BOX BUYS VENESTA PKG.

Metal Box, manufacturers of *metal, paper and plastics packaging*, has bought from the Receiver of Venesta International, Sir Charles Hardie, the capital of Venesta International Packaging for an undisclosed sum. The assets of the latter group are £2.9m. and the purchase price is believed to relate quite closely to that figure, a sum to be paid in cash.

The business of Venesta International Packaging represents the major part of the Venesta International group; these interests are profitable.

Pentos moves to acquire Jeavons

Pentos, the industrial holding company headed by Mr. T. A. Maher, is hoping to initiate talks with E. E. Jeavons, the Birmingham-based *engineering and contracting company*, which may lead to an offer of 55p cash per share. Pentos already owns 9.8 per cent. of the Jeavons share capital. A statement to this effect was issued last night following a 6p improvement in the Jeavons share price in London to 48p.

Closer discussions regarding the offer, which would value Jeavons at £1.65m., are expected to take place with the Jeavons Board in the middle of this week. However, a vital outside holding is likely to be that of Croda International which is understood to hold *around 23 per cent. of the equity —a stake acquired following* Croda's purchase of Midland Yorkshire Holdings. No official talks have taken place between Pentos and Croda, though no opposition in principle is anticipated from the latter.

The acquisition of E. E. Jeavons is expected to fit in with the *Pentos subsidiary*, Wright Bindley and Gell: both are based in Birmingham and both are engaged in the valve business. If successful, the acquisition would more than double Pentos' engineering profits. Wright Bindley made in excess of £350,000 pre-tax profits in the last financial year, compared with £470,000 from Jeavons.

The acquisition will be financed from Pentos' internal resources.

Winding-up order on London Bridge Secs.

Shares of London Bridge Securities were suspended yesterday morning at the company's request. Later, in the High Court, an order for compulsory winding-up of the company was made by Mr. Justice Templeman.

A statement from the company said that it had not been able to obtain further finance from its bankers. The Board had received legal advice that it had no alternative but to ask for its share quotation to be suspended. Mr. M. J. C. Taylor, chairman, said he could not say what the next move would be.

The winding-up proceedings follow a similar incident in March when Sir Joseph Causton and Sons petitioned in the High Court for a winding-up order against London Bridge Securities. But the debt amounted to only £1,183 and LBS, in taking steps to settle the debt, said the money had remained unpaid only due to confusion over a change of address.

The company's accounts for the year to April 1975, published recently, showed net assets of £369,000 after a pre-tax loss of £159,000 (£468,000 after exceptional debits). The accounts were heavily qualified by the auditors, Touche Ross.

Its main potential asset is a 200,000 sq. ft. office development, now virtually complete, near Piccadilly, Manchester. LBS has an option to purchase this, on completion. At present the building is owned by an Isle of Man based company, Jongra.

Brandts' merchant bank has lent Jongra £5.7m. to finance the development, these loans being guaranteed by LBS, which has itself lent Jongra £704,748.

Brandts said yesterday that it had not called in the loan to Jongra, granted on the basis that interest would be rolled up, although it had been negotiated only until 1975. Nor had it taken action to enforce the LBS guarantees. It had *no loans direct to* LBS.

The bankers to LBS itself are given in the accounts as the National Westminster, the Bank of Scotland, Schlesinger and Eagil Trust. Bank overdrafts in the 1975 accounts are shown as £2.5m.

Of this, £1.6m. is shown in the accounts as guaranteed by the company's directors, Mr. Taylor and Sir William Piggot-Brown, who between them control more than half the shares. Another 22 per cent. are, the report says, thought to be controlled by Chatsworth Management Services and associates.

The shares were quoted at 8p before their suspension.

Trading hopes for Boosey & Hawkes

The directors of Boosey and Hawkes look forward to a satisfactory year's trading during 1976, Mr. H. P. Barker, chairman, tells members in this annual statement.

It is not yet clear the extent to which the fire at Edgware will affect the musical instrument business and there is also the possibility of import restrictions. But the company will be relieved from South African losses, and will benefit from the acquisition of the remaining 50 per cent. of the Hammond Organ business in the U.K.

As known pre-tax profit for 1975 was up from £1.52m. to £1.7m. and dividends total 4.131p net (3.79p). Total net bank borrowings were down from £0.84m. to £0.47m. at December 1975.

As at April 12 Carl Fisher Inc. owned 49.24 per cent. of the Ordinary and trustees of the Ralph Hawkes Will Trust 17 per cent.

Meeting, Cafe Royal, W, May 26, noon.

MINING NEWS

Rio Algom looks ahead with confidence

BY MALCOLM DUMPHREYS

"WELL PREPARED" for the coming upturn in economic conditions is how Rio Algom's president, Mr. George R. Albino, views the 51 per cent.-owned Canadian arm of the Rio Tinto-Zinc group. Speaking at last Friday's meeting in Toronto he noted that the company had the *largest uranium ore reserves in* North America and is in a strong position to participate in the growth of demand for the metal.

At the start of the year Rio Algom had sales contracts for 90.3m. pounds of uranium oxide extending into the early 1990's. Two spot sales totalling 2m. lbs. were made in early 1975 from existing inventory for $40m. (£22.19m.). Payment has just been received for one sale and the second is due next month.

The capital cost of the first phase of expanding milling capacity to 7,000 tons a day from the current 4,500 tons, due for completion in 1978, will cost $76m. (£42.16m.) and plans for the next phase are expected to be completed this year.

Mr. Albino sounded a slightly cautionary note saying that the success of the expansion programme was dependent on the company being able to attract and retain a much larger work force, "one of the more serious problems facing the mining industry to-day." Several programmes have been initiated to help in this direction.

The company's Lisbon uranium mine in Utah may continue to operate beyond the anticipated closing date of 1980 in view of the demand and higher prices for the metal. The Sage Creek coal project in British Columbia has reached the feasibility study stage and the report thereon is expected by the second half of this year.

Rio Algom also announces first-quarter net earnings of $7.38m. (£4.1m.) or 53 cents (29.4p) a share compared with $8.28 or 66 cents a share for the same period of 1975 when total earnings reached $30.03m. or $2.28 a share. Revenue and earnings in the latest quarter were higher than those for the same time a year ago at the 66.5 per cent. owned Lornex copper-molybdenum mine in British Columbia due to improved copper prices and production. Lornex earned four times as much in its own first three-monthly period as it did in the whole of 1975.

Revenue from uranium operations was also higher but earnings were slightly lower than in the comparable period owing to escalating costs and lower ore grades. Revenue from steel operations declined, there being a strike at Atlas Steel's Tracy plant from March 1 to April 29.

Rio Algom will be hoping that the upturn in the copper price continues to the benefit of Lornex, which bases it sales on London Metal Exchange quotations. Uranium, however, remains the most important component.

PACIFIC COPPER EXPLANATION

Answering a Sydney Stock Exchange query as to why the shares of Pacific Copper, the Australian affiliate of Canada's Pacific Copper Mines, had been a strong market of late the company's chairman, Mr. Peter Gibb, reiterated previously stated indicated ore reserves and grades from the wolfram prospect at Torrington in New South Wales. These were 3m. tonnes of proven ore reserves grading approximately 0.35 per cent. and 22m. tonnes of possible ore.

Pacific Copper has an option to acquire a 60 per cent. interest in the project but Mr. Gibb said that as yet insufficient work had been carried out to enable any official independent statement to be made in respect of ore reserves at the project. The shares were 3p lower at 25p in London yesterday, having been up to 35p last Thursday.

MIM needs still more

THE RECENT sharp increase in base metal prices, says the chairman of Australia's MIM Holdings, Sir James Foots, are "encouraging" but it remains to be seen to what extent they reflect a widespread and sustained recovery in worldwide economic activity and to what extent they result from restocking or from buying of commodities as a currency hedge.

"Sustained improvement over the long term can only come from a major revival of consumption," he adds, and that with soaring inflation in Australia over the past three years current prices are "still not satisfactory."

MIM's consolidated net earnings for the 40 weeks to April 11 have *fallen by 75.3 per cent. to $11.77m. (£7.91m.) from $47.63m. for the* same period a year ago. The downturn mainly reflects lower prices for lead and copper and lower sales of zinc concentrate. For the year to last June the net earnings figure was $51.1m.

There was also a significant increase in interest payments to *$7.13m. (£4.79m.) from $1.41m.* reflecting the increasing role of debt financing in MIM's capital structure. Borrowings have been required for essential capital investment and working capital needs "to maintain the efficiency of current operations."

During the latest period, copper sales were 114,038 tonnes compared with 126,000 tonnes, zinc 44,299 tonnes against 85,810 tonnes and silver 244,951 kgs. against 259,305 kgs. Lead sales were higher at 103,074 tonnes compared with 95,636 tonnes but the average price received fell to $278 a tonne (£187) compared with $402. MIM fell 6p to 276p yesterday.

METALS EXPLN. GOLD PROJECT

Discussions on development loan funds for the Longos gold prospect at *Paracale in the* Philippines are continuing says Metals Exploration Asia in its March quarterly report. Australia's Metals Exploration has a 40 per cent. stake in MEA with Philippines investors holding the remainder.

Diamond drilling continued on the Longos prospect, and other targets in the area, with one hole encountering mineralisation of 7.2 grams gold a tonne over a width of 0.61 metres. Earlier assays showed a good 14.3 grams a tonne over 9 metres and it is reckoned that the operation could be viable at an annual ore milling rate of 200,000 tonnes. Metals Exploration were 57p yesterday.

ROUND-UP

The recovery in metal prices since the start of this year has put the Anglo American Canadian Hudson Bay back into the black. T[...] pany reports a net earnin[...] of $810,000 (£449,400) or (4.4p) a share for the firs[...] of this year compared w[...] loss of some $1.6m. for three months of 1975. whole of that year net came out at $14.8m. or share. For the first q[...] 1975 net earnings were [...] 73 cents a share.

* *

France's USINOR has letter of intent to buy a[...] tonnes of iron ore fro[...] over the next ten years president of Companhia Rio Doce, Snr. Fernando Reis. It is thought that tract is worth in the [...] $600m. (£326m.).

* *

Australia's Minister f[...] Mr. Doug Anthony, says partners in the big N[...] project in Queensland, Peabody, Mitsui, have ag[...] the Government that loc[...] pation in the venture be[...] to 55 per cent. This fo[...] foreign investment revie[...] consideration of proposa[...] the consortium which develop the deposit.

* *

Australia's Emperor G[...] produces the metal on Fijian island of Viti L[...] that favourable prospect deposits have been f[...] Vanua Levu island, west Kasi in Wailevu.

BRINCO LOO[K] AT URANIUM

The feasibility study in progress on the Kitt[s] uranium property on th[e] Labrador near Goose expected to be complet[e] end of this year, rep[...] Montreal corresponden[t] prospect is held as to 60 by the Rio Tinto-Zinc gr[...] per cent. owned Brinco remaining 40 per cen[t] hands of West German[y] gesellschaft through U[...] schaft.

A final decision wh[...] proceed to developmen[t] made when the study pleted. In the meantim[e] [...]ation into financing an[...] ing will also be u[...] along with further d[...] define ore limits. No oxide reserves or o[...] figures have been re[...] date.

The RTZ group, al[...] Callahan Mining Corp[...] the U.S., is also underst[...] looking into the possibi[...] opening a former zinc [...] operation in the State [...]ington where indica[...] reserves are put at grading between 4 an[d] cent. combined lead an[d]

MINING BRIEFS

NEW GUINEA GOLDFIEL[DS] Golden Ridges: Milled 7,301 assaying 0.097. Fine gold 383.56 ounces. Fine silver 766.05 ounces. Edie Creek: produced 46.33 ounces. Fine [...]duced 41.40 ounces Wau Saw[...] timber produced—super feet.

TRANS-NATAL COAL CORP[...] March quarter. Tonnes [...] 4,419,000 (December quarter: coke, nil (1,000). Net [...] R1,775,000 (R2,661,000). Capit[al] [...]ture R2,766,000 (R3,696,000).

FALCON MINES—March. Milled 58,500 tonnes (Decemb[er] 56,900 tonnes). Working pro[fit] ($423,594), capital expenditu[re] ($58,404).

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Pentos expects better return

IN A confident statement, Mr. T. A. Maher, chairman of Pentos, tells members that he believes the group will show further improvements in the return on funds employed over the next three years.

Within the group there are now a limited number of diversified operations and it is intended to concentrate resources on their further development. "Each is important, and all are characterised by high potential return on assets, good growth capabilities and scope for expansion in overseas markets," says the chairman.

"We therefore look forward to the future with confidence and enthusiasm, qualified only by the now mandatory caveat with regard to the national economic condition."

As reported March 17, group pre-tax profit increased from £1.88m. to £2.25m. in 1975. The chairman says that plans for the year were to add to and strengthen the group's resources; to rationalise the investment in associates; to continue the drive into export markets and into export-orientated businesses; and to safeguard real earnings. In the event progress made was "beyond best expectations" on almost all fronts.

Referring to financial services Mr. Maher says that as forecast income from this sector was substantially reduced from £388,000 to £194,000, and there will be a further big reduction in the current year. This reflects the continued run-down of the balances on Abbot Finance and a reduction in investment income. Outstanding balances on Abbot Finance — £900,000 at the beginning of 1975 — had been reduced to less than £200,000 by the end of the year and the whole of this will be repaid in 1976.

Looking at the engineering side the chairman reports that order intake has begun to improve, the climate, particularly overseas, is now more encouraging, and the new product and market development over the past two years offers considerable potential for the future.

In garden and leisure products prospects for the year are good.

A statement of source and application of funds shows clearly the major changes which took place in the year. In round figures, total funds generated amounted to £5.4m., of which £2.8m. came from operations, £0.7m. from the run-down of Abbot Finance, and £1.9m. from the issue of new shares and loan stock.

In addition, reduced working capital requirements contributed £1.0m., to give a total of £6.4m. available. Of this, £3.4m. was applied in the purchase of shares and loan stock in subsidiaries, £0.4m. was invested in new plant and equipment, £0.3m. paid in dividends, £0.8m. in taxes, and £1.5m. in reducing net bank borrowings.

The report shows that the emoluments of the chairman went up from £17,500 to £30,000 during the year.

Meeting, Tower Hotel, E., June 3 at 11.30 a.m.

Chairman's statement, Page 20

W. H. Smith spending £9m. on expansion

ANNOUNCING PLANS to spend £9m. this year to accelerate expansion of the business, Mr. Charles Troughton, chairman of W. H. Smith and Son (Holdings), says in his annual statement that prospects appear to be "very good."

In recent months the directors backed by an "extremely strong" balance sheet have been planning and confirming their confidence in developments in Canada and the Netherlands and—"substantially"—in the U.K.

Notwithstanding the recession and inflation, the year 1975-76 was a successful one in which new plans were made and resources provided for a further expansion right through the group, adds the chairman.

As reported April 8 group pre-tax profit advanced from £9.27m. to a record £11.25m. in the year to January 31, 1976. The dividend total is raised from 8.31p to 8.568p per share net.

Mr. Troughton says that the buying and marketing division and the Swindon distribution division fought "very hard and successfully" for their sales, kept expenses well under control and produced excellent results which were better than forecast at halfway.

Christmas sales despite a very slow start in November proved above expectations during the last three weeks.

With King's Cross, Hammersmith, Dalston and Peckham now the distributing depots in London, the trend of poor results in the capital which has affected wholesaling there for many years is being reversed.

Losses through disputes at publishing houses cost the group £1.04m. in sales compared with £2.5m. in the previous year, reflecting the improving industrial climate in the industry.

The retail group—sales increased by 21 per cent.—comprised at year-end 303 shops and 65 main bookstalls in the U.K. Shops in Canada increased from 29 to 36 and there are also shops in Western Europe. Wholesale sales rose by 24.3 per cent. in 1975.

Capital expenditure during the year amounted to £9.52m. including £4.6m. for the retail expansion programme and £2.59m. for the new head office, the total cost of which will be £7.82m. The old head office, Strand House in Portugal Street, was sold for £3.78m.

Group freehold and leasehold properties have not been valued since 1970, apart from subsequent additions to cost, owing to the unsettled property market over recent years. But now that the new head office has been completed the directors will be reviewing the position during the current year and once the market appears sufficiently settled will arrange the necessary valuation. This is unlikely to be available for inclusion in 1976-77 accounts.

Inflation adjusted accounts on a CPP basis show pre-tax profits down from £10,736,000 to £9,308,000 before adjustment to property values. Pending the issue of an accounting standard the estimated effect of CCA on the results has been calculated as follows: the cost of sales adjustment in relation to stock consumed is estimated at £2.5m.; the value to the business of freehold and leasehold property for CCA purposes will not be available until the new property valuation is completed. The depreciation charge in valuing fixed assets other than property on the CCA basis using current depreciation practice, is estimated at £2.5m. on a value of £15.2m.

Meeting, Strand House, E.C., May 28, at noon.

Good start by Clayton Dewandre

IN PREPARING budgets for 1976, the directors of Clayton Dewandre Holdings may have been a little pessimistic, the chairman Lord Orr-Ewing tells members.

The group started the year with better profits than anticipated, he says, and it is confidently believed that customers have finished their stock reduction programmes.

The Board has every confidence in the longer term, reports the chairman. Of sales, 75 per cent. is in the medium heavy commercial vehicle market, and an expanding 10 per cent. goes to markets for agricultural tractors and machinery used for civil engineering. "We see many worthwhile opportunities which need to be assessed, and, if viable, grasped," he declares.

As reported on March 13, sales rose from £29.12m. to £36.17m. in 1975 and pre-tax profits increased from £2.51m. to £2.8m. The dividend total is 5.618p (5.092p) net.

Capital expenditure at £1.5m. (£1m.) was at the planned level, and again, by far the vast majority was spent on production plant and equipment.

Exports were at a record level including over 60 per cent. of the heavier range of commercial vehicles manufactured.

The group has been invited to evaluate and submit plans for establishing national commercial vehicle plants in various countries, and is "vigorously pursuing" several such projects.

Pearl Assurance assets advance by £58m.

THE 1975 annual report of the Pearl Assurance Company discloses that total assets increased by £58m. last year to £836m. Gross investment income rose over the year by £8m. to just under £69m., of which 37.1 per cent. came from gilts. Debentures and loans, 31.0 per cent. from equities, 12.8 per cent. from properties and 10.0 per cent. from mortgages and loans. At the end of the year, short-term deposits in the U.K. totalled £30.5m. compared with £57.5m. at the end of 1974.

The company increased its gilt-edged holding by £35m. in 1975 compared with a reduction in holding of £9m. in the previous year. Net equity investment, mostly in the U.K., exceeded £26m. of which £8m. was in rights issues. Gross advances under house purchase mortgages amounted to £12½m. with net lending coming to £6m. The company spent £5m. on the acquisition of the 51 per cent. of the equity capital of New London Properties not previously owned.

Premium income on the ordinary life business increased by £3.8m. to £40.6m. but considerations for annuities fell by one-half to £3.3m. Claims and expenses were £5m. higher, so that the fund stood at £399m. at the end of 1975 compared with £373m. at the beginning, following an increase of £283,000 in the book value of investments held for unit-linked business.

The industrial branch fund rose by £28m. to £380m. at the end of the year, with premium income up by £7m. to £60m., and investmen income £4m. higher at £31.6m. Combined premium income for all life business exceeded £100m. for the first time. There was a significant increase in the expense ratios of both life branches—that of the industrial increased from 37.06 per cent. to 39.26 per cent. and the ordinary from 29.87 per cent. to 32.51 per cent.

The yields on the life funds for the year were 8.95 per cent. on the Ordinary against 8.47 in 1974, and 8.97 in the industrial compared with 8.46 per cent.

Net premium income in the general branch last year was £23.85m. worldwide compared with £21.8m. in 1974, an increase of 9.4 per cent. However, during the year there was a considerable reduction in premium income following the cessation of business in Canada. If the Canadian income is ignored the increase in premium income amounted to 21.5 per cent. Income in the U.K. rose by 20.5 per cent. to £21m. There was an overall underwriting loss (already reported) of just under £3m.

Mr. S. C. McIntyre in his chairman's report welcomed the indications that some success was being achieved in conquering inflation. Medium and long term savings institutions would be affected by a prolonged period of even moderately high inflation and he stated that a level of 10 per cent. was still far too high. He welcomes the Chancellor's Budget statement to halve the rate of inflation by the end of 1977.

Mr. McIntyre refers to the recent spate of legislation affecting insurance business which he estimates must have cost the industry many hundreds of high-level man-hours during recent years. He expresses the hope that when the current flow of regulations is completed, the insurance industry will be allowed a long period of relative freedom from additional legislative burdens.

He expresses concern over the effects of the Consumer Credit Act which on the face of it has little relevance for life companies. This could result in materially adding to the costs of incidental services which life companies had provided unless the authorities use their regulation-making powers to alleviate the situation.

Mr. McIntyre indicates that the company would participate in the proposals to help deserving businesses obtain capital when no other channel of finance were available. But he further indicated that it should be a limited operation supervised by a Board which would ensure that the offer has reasonable prospects of success

Meeting High Holborn, W.C., May 26 at noon

Chairman's statement, Page 25

Wm. Nash incurs loss of £54,000

A TURNROUND from a pre-tax profit of £777,052 to a loss of £54,084 is reported by makers of specialist papers, William Nash for 1975. At half-way the company broke even compared with a profit of £368,000 for the corresponding period

The loss for the year was on turnover of £6.21m. (£8.26m.) and is after a special credit of £10,948 from the sale of property.

Loss per £1 share is given at 16.1p (earnings 95.2p) and the dividend is cut from 12p to 4p with a final payment of 2p.

After a tax credit of £21,286 against a charge of £358,472 the net loss emerges at £32,798 (profit £418,580).

Hestair looks to further boost in exports

A FURTHER year of record profits is foreshadowed by Mr. D. Hargreaves, chairman of Hestair, and he says that first quarter figures support that view.

He is confident that the year will provide fresh export records, substantial profits growth in special vehicles, renewed expansion in agricultural products and more modest profit improvements at home.

The economic position of the U.K. remains precarious and if money policies remain tight, as they must, there could well be problems in 1977 balancing the needs of public expenditure and industrial stock building.

Mr. Hargreaves says that in those circumstances the group must remain moderately geared and export orientated for there "can surely be no substantial increase in home consumption for many years."

In the year ended January export sales jumped by 119 per cent. to £8.5m., and a "stiff" target of £12m. has been set for 1976-77. Six new field managers have been requited for exports.

As reported group pre-tax profit increased from £2.09m. to £3.1m. in 1975-76 on a turnover of £45.32m. (£38.13m.). The group's main policy objectives were to improve the balance sheet; to encourage organic growth; to increase exports. There was considerable progress towards meeting those objectives.

	Sales £000	Profit £000
Special vehicles	13,863	1,471
Agricultural engineering	3,870	582
Educational and leisure	24,089	1,439
Employment agency	2,542	414
Other activities	1,099	207
Interest and expenses	—	1,071
Total	45,325	3,112

The balance sheet has been transformed by a succession of planned moves and by the strong positive cash flow provided by operating companies.

Hestair raised £1.1m. by a rights issue, sold the Staines Group and Service Electric for £792,000 cash, converted £426,000 of convertible loan stock into equity and gained £3.4m. net from operations. The result is a reduction in the level of gearing from 202 per cent. of shareholders' (and minority) funds to 26 per cent. "Thus, our balance sheet health is restored and we have provided a platform for the future," declares the chairman.

There was a net cash inflow of £5.7m. (£0.84m.) in the year.

During the year £1.8m. was spent on new capital projects and this rate of spending is expected to increase in the current year.

Meeting, Savoy Hotel, WC, June 3 at noon.

Chairman's statement, Page 24

Transatlantic Market Trust

The Transatlantic Market Trust, managed by Warburg Investment Management Jersey, reveals in its annual report for the first complete year of operations that between March 13, 1975, and March 11 this year the offered price of the company's participating shares rose by 8 per cent. from £10.85 to £11.72. This was against a 21.7 per cent. rise in Standard and Poor's Index over the same period. The fund's aim is to achieve long-term capital growth by investing in North American stocks.

During most of the year conditions were favourable for North American common stock prices. The reason for the disappointing performance of the fund is attributed to two main factors. First is the high level of liquidity at the beginning of the year (38 per cent.), although by the year-end the fund was relatively fully invested. Secondly, the performance was adversely affected by the good relative performance of the paper, steel and aerospace sectors in which it was under-represented—particularly in the first six months.

This has now been put right and at the year-end the major areas of investment were: chemicals 13.1 per cent., office equipment 9.6 per cent., paper 7.5 per cent., oil 6.7 per cent., retail 6.3 per cent. The biggest reduction was in drug companies. The net assets of the company totalled £13.65m. at the year-end.

The amount available for distribution after management expenses was £230,0000 (£113,000) and an interim dividend has been declared of 19.59p per share (18p in 1975) net of Jersey income-tax.

Winding-up orders

Orders for the compulsory winding up of 65 companies were made by Mr. Justice Templeman in the High Court yesterday. They were:

Bacal Construction (Southern), Norman H. Firth, G. Amos (Wholesale Greengrocery), G.S.L. (Heating), Investment and Financial Securities, Dungenair, I. and K. Litho, London Bridge Securities.

Homeparties, Collectors Co-brite, Marcon Precision Moulds, Cornay Environmental Engineers, Arnell Morrow Field and Associates, Stonehawk Properties, Lloyd and Orr, Imogens.

Allenian Garages, Jaques Margarson Smith, P. J. Muiry and Sons, Symmonds and Deamer Engineering, Aroville, Amalgamated Investment and Property Co., R. B. Audio Systems, Trevor Harlow Associates.

F.D.J. Humphreys (Builders and Contractors), Milfield Builders, Custom Heat Treatments, Lestaton Press, Artica (Building and Construction), S. Ayres and Company, Chaseside Studios, D.J. Wholesale.

Raystan Builders, Longs Batteries and Spares, T.J. and S. Transport Company, J. L. Perl, Farm Fertilisers and Protein Products, Vira Motors, Ski Transport International, D.G.T. Builders and Construction Engineers.

Everbrite Engineering, D.G.S. Colourprint, Alexandra Dock Transport (Newport), Fred Blomquist Marketing, Christina George (Birmingham), Stollwind, Scoot-A-Long, Cosmic Shipping.

J. and H. Melsen, Sport Health (Publications), Clarke Pharmaceuticals, A. D. Argent Autos, Bywell Buttons, Anamate Builders, Bradford Cemetery Company, Publicity-West, Avinghouse Builders, Saunlyn, H. S. Stubbs, Lordship Jewellers, Management on the Move, McLeod International (Electronics), Fortune Press, Castle Homes (Southern), and Santa Shipping Corp.

Spear & Jackson waits for second half

THERE CAN be no change in trend until the improvement in the world economy is reflected by an increase in order flow at Spear and Jackson International, states Mr. S. M. de Bartolome, chairman, in his annual review.

The directors are determined to continue the growth of the past *decade, interrupted by the 1975* setback. However, due to the order book structure, first half profits "will remain at a low level and a return to growth is not expected until the second half."

In the U.K. the industrial company continues to trade profitably but at a lower level and the tools company shows signs of improvement. The economies of Canada and the U.S. are now more buoyant and North American companies should do better than in 1975, he adds.

In France, there are signs that the economy is improving but this has not yet affected the engineering industry and AMV is currently working substantially below capacity.

The Swedish economy, or certainly the forest industry, show signs of improvement though this has not yet made any impact on the low rate of orders experienced over the past six months. In Sweden, 1976 will be down on 1975, though he hopes for improvements commencing in 1977.

As reported, pre-tax profit for the 53 weeks to January 3, 1976, dropped from £1.67 to £1.19m. on turnover up from £24.12m. to £33.31m. Dividends are up from *7.0272p to 4.745p net*.

A geographical breakdown of profits shows 70 per cent. (79 per cent.) came from trading companies in the U.K., 64 per cent. (15 per cent.) from other parts of Europe, loss 8 per cent. (20 per cent.) from North America and 25 per cent. (18 per cent.) from Australia.

The company suffered from depressed trading in North *America during the second half.* In addition there was, in British Columbia, a three-month long strike in the primary forest industry. In the U.K. the hand and garden tool company had a most disappointing year. Elsewhere results were in line with expectations. The industrial company in the U.K. and companies in Sweden and Australia performed better than in 1974.

In the second half combined *overdraft and loans were reduced* by some £0.6m. Control over stocks has been improved, with these now at 33 per cent. of annual sales, compared with 41 per cent. at end 1974 and "significantly more" at June 1975.

Meeting, Sheffield, May 24, 9.30 a.m.

Minet sees further progress

PRACTICALLY every part of **Minet Holdings** is operating more profitably than at the same time last year and chairman Mr. J. Wallrock says he knows of no reason why this should not continue. He is confident that there will be a further "very satisfactory" increase in profits for the current year.

As reported on April 23, pre-tax profit for 1975 expanded from £4.93m. to £6.86m. and the dividend per 20p share is 3.39p (adjusted 2.16p) net.

The major reasons for the large *increase in profit were the further* growth of the company's traditional business and the increasing contributions made by the many new ventures which it has started in recent years. Bearing in mind *that* about 80 per cent. of brokerage income emanates from overseas, a secondary factor occurred during 1975. The pound sterling depreciated against most other currencies, so earnings were increased when converted into *sterling. All these circumstances,* in Mr. Wallrock's opinion, seem likely to continue.

The largest single contribution to profits has always come from North America and recently there has been a marked increase in business available to the various companies in the group operating in the area, *following* the adverse underwriting experience of domestic insurers in North America.

A statement of source and application of funds shows an increase in net liquid funds at December 31 of £4.2m. (£0.9m.).

Meeting, Abercorn Rooms, E.C., on May 25, at noon.

Chairman's statement, Page 23

Hamilborne pays more

Reflecting a loss in the brickworks and the high costs of investigating potential acquisitions, pre-tax profits of **Hamilborne** (formerly Hammill Brick) fell from £65,386 to £21,359 in 1975. First half profits had dropped sharply from £43,016 to £4,339.

Stated earnings per 12½p share are down from 1.96p to 0.55p and the net final dividend of 0.886p *makes a total of 1.386p compared* with 1.26p. A total not less than the previous year had been expected.

Turnover was up slightly from £246,367 to £251,325. After tax and extraordinary items, the net balance is £8,667 against £28,304.

The Board was substantially changed last November and the new management is actively engaged in discussions which it is hoped will reflect in the current year's results.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:— Memeth Inv. Trust. Moss Engineering. Westward Television.

Finals:— Averys. Feedex. T. C. Harrison. Laporte. Mothercare. Newman Inds. William Pickles. Porter Chadburn. Randalls. Tricentrol. Towles.

FUTURE DATES

Interims:	
Fluidrive Engineering	May 17
Osborn (S.)	May 10
Pearce (CH)	May 6
Petrocon	May 10
Finals:—	
Clarke (Clement)	May 6
Gieves	May 5
Greenbank Industrial	May 5
Hoskins and Horton	May 6
Hunting Associated	May 5
London Asiatic Rubber	May 12
Morgan Crucible	May 27
Photax (London)	May 5
Scott and Robertson	May 27
Walker (C. and W.)	May 12

* Amended.

Tysons' record £0.74m.

THE FORECAST profit increase at construction engineers **Tysons (Contractors)** turns out to be £742,083—a record—for the full year 1975, compared with £601,752 in the previous 12 months, after £413,237, against £226,434 in the first half. Turnover increased from £8.22m. to £12.66m. at year-end.

Earnings are shown to be up from 3.8p to 6.83p and the dividend is 1.925p per 10p share (1.75p).

Tax takes £400,716 (£311,638), leaving £341,367, against £290,114.

Sharpe and Fisher improving

The present sales trend at **Sharpe and Fisher** continues the major improvement in the last four months of 1975, reports chairman Mr. K. J. Fisher in his annual statement.

And if this is maintained *throughout 1976 then the effect* should be more apparent than in 1975, which saw a pre-tax profit improvement from £0.69m. to £0.73m. in an extremely difficult year, he adds. Dividends are 1.9294p net (1.8184p).

The directors, he states, have confidence in the future of the industry and the company's ability to advance. Sharpe and Fisher trades as builders merchants and retailers of "D-I-Y" and electrical goods.

The chairman states that operations have been modernised and sales areas expanded.

A statement of source and application of funds shows a decrease in short term loans of £198,934, compared with a £210,000 increase, and a decrease in bank overdraft of £5,320 (£138,784).

Meeting, Cheltenham, May 26, noon.

Chairman's statement, Page 22

Percy Lane forecasts a marked improvement

MANUFACTURERS of glazed aluminium window assemblies, **Percy Lane Group**, has adjusted to new conditions and trading patterns and the chairman, Mr. Peter Lane will be disappointed if results for the current year do not show "a marked improvement" on those for 1975.

Group prospects for 1976 must be clouded, however, by the implications that the slump in the building and consruction industries hold for Percy Lane (Architectural).

Production has been rationalised and overheads and manning trimmed to economic levels. The company is now dependent upon an upturn in the level of confidence and activity in the building industry.

The order intake at Percy Lane Limited has made a healthy start *for the year and the chairman is* confident that the improved profitability will make a positive contribution to group results.

Para Press continues its growth in orders and profits and the continuing increase in the demand augers well for 1976, members are told.

As reported on March 31, pretax profits recovered from £11,026 to £914,571 in 1975 on turnover of £8.66m. (£5.97m.). The dividend is 1.5p net—the first payment since a total of 2.8p for 1973.

Sales and profits of the Luxembourg company Para Press SA reached record levels of £4.27m. and £0.36m. respectively, but this was partially offset by losses at Percy Lane (Architectural), whose rate of losses was substantially reduced during the second half.

Meeting, Birmingham Airport on May 28 at 3 p.m.

Equitable Life progress

Premium income of the **Equitable Life Assurance Society** last year increased by £2m. to £24.8m. and investment income rose by £3m. to £15.7m. Claims and expenses were also £3m. higher at £19.2m. and the fund at the end of 1975 stood at £212.6m. after a transfer of £37m. from investment diminution no longer required, compared with a fund value of £154.4m. at the beginning of the year.

Mr. R. A. Henderson, in his president's report for the year, points out that recent experience has shown that a life company *cannot rely on a continuous* increase in the capital values of investments to provide part of the surplus from which bonus additions can be declared. It must aim at steadily increasing income from a fund well balanced between fixed interest investments to give high income and Ordinary shares and property to give income growth.

Main emphasis of the company's investment last year was on long-dated gilt-edged stock because of the historically high yields available. However, about 25 per cent. of new money was invested in equities and property, the equity purchases being mainly confined to taking up the many rights issues available on attractive terms.

Expenditure on property included commitments entered into in previous years and improvements in properties already held. The yield on the fund increased by three-quarters of a percentage point last year.

Meeting, 4, Coleman Street, E.C., May 19, at 12.30 p.m.

Stonehill expansion

Stonehill Holdings, domestic furniture, will increase its poten*tial turnover by more than 40 per* cent. to give it £16m. a year capacity when its new plant comes on stream shortly. The equipment has been installed and is currently being test run.

The company has taken an additional 70,000 square feet of space on the North London Lea Valley Trading Estate alongside its existing factories to give it nearly nine acres of covered area.

Mr. P. Steinberg, chairman, says expansion is continuing. The company is currently negotiating for a further large factory adjacent to its present complex.

Mixconcrete ahead

In the first four months of 1976 **Mixconcrete (Holdings)** was ahead of forecast with the comparable period of the previous year, chairman Mr. John Mackaness told the annual meeting.

The target set was fair both for sales and profits, he stated. Orders were still on a day to day basis.

Last year borrowings had been reduced by £2m. With the further strength gained from the rights issue he now regarded the present level of trading as normal and the group was striving for quality *business rather than quantity.*

Metal Box restructuring

Metal Box has now imple*mented the restructuring of its* interests in South East Asia.

Metal Box Company of Malaysia has transferred its existing operations to two new independent companies: Metal Box Singapore will be responsible for activities in Singapore and, through its subsidiary Metal Box Thailand, in that country; Metal Box Berhad will be responsible for activities in Malaysia.

In exchange for each share held in MBCM, shareholders will receive one Ordinary share of S$1 in MBS and one Ordinary share of $M1 in MBB. To conform with the Government policy of increasing local participation in Malaysia's economic activity, additional new shares representing 15 per cent. of the en*larged capital of MBB have been* offered to Malay investors at $M1 per share. Funds raised amounting to some $M2m. (£430,000), will go towards repaying borrowings and towards financing new plant and equipment.

Following the restructuring and the share issue, the interest of Metal Box in the equity of MBS and MBB will be 61.7 per cent. *and 32.4 per cent. respectively.*

Pearl Assurance Company Limited

Statement by the Chairman, Mr. S. C. McIntyre, M.B.E., F.C.I.S.

I must preface this statement with a reference to the great loss suffered by the Company from the untimely death last May of the then Deputy Chairman, Mr. E. F. J. Plumridge. He had given long and invaluable service to the Company notably in the investments field and in more recent years also as a director and as Deputy Chairman.

Following upon the death of Mr. Plumridge, the Directors appointed Mr. F. L. Garner to be Deputy Chairman. They also appointed Mr. R. Younger to be a Director while retaining his responsibilities as a Deputy General Manager. His long experience, particularly in the marketing and sales area, is of great value to our deliberations.

Our results for 1975 have to be seen against an economic situation that was steadily worsening for much of the year. It is difficult for a life office to raise new business production adequately in a time of high inflation, and virtually impossible to increase premium income at the inflation rate. However, we did achieve a significant increase in combined new life premiums which exceeded £20m for the first time, while new sums assured passed a fresh landmark in exceeding £600m. The increase in life premium income was about 11½ per cent compared with 8½ per cent for 1974, and the combined life premium income figure topped the £100m mark for the first time. The general branch premium income rose by nearly 9½ per cent to £23.8m in total, with the Home figure rising by 23½ per cent to £21m.

New Life Business

The significant increase in new life business in 1975 applied equally to both branches, except, in the ordinary branch, for considerations for annuities.

In the industrial branch, new annual premiums were up by 19 per cent to £13.0m. New sums assured, at £201m, showed an increase of £30m.

In the ordinary branch, new annual premiums were up also by 19 per cent, to £7.3m. New sums assured were £347m, compared with £265m; and new considerations for annuities were £3.3m as against £6.7m.

Life Business in force

The total life business in force at 31st December 1975 comprised sums assured and bonuses of £2,888m, compared with £2,360m for 1974, and annuities and bonuses of £23.5m compared with £21.7m.

Combined premium income for 1975, for the two life branches, was £100.7m, an increase of £10.5m over 1974, with the industrial branch continuing to show a proportionately greater increase.

Total payments to policyholders for the year—claims, annuities and surrenders—came to £74.3m compared with £72.3m for the previous year. Combined death claims at just over £15m were about £1m more than in 1974 but there was a marked fall in surrender payments in both branches. This was the combined result of some increase in the amount of business being surrendered and of the effect of a significant reduction in our scales of surrender values that we had been impelled to make as a result of the serious fall in asset values in the latter part of 1974. We have, in fact, recently been able to increase our surrender value scales although not back to the former levels.

In both branches there was again, unfortunately, a serious increase in the expense ratios—up from 37.06 to 39.26 per cent in the industrial branch and from 29.87 to 32.51 per cent in the ordinary branch. New business growth partly accounts for the increases but major elements are again salaries, National Insurance and other staff-related costs, and the cost of postages and telephones and of rents and rates.

Terminal Bonuses

As I have explained in the past, our terminal bonus system is based on the average of the net rates of appreciation shown by the relevant assets as at the twelve months up to the valuation date, together with significant smoothing elements designed to even out the extremes of these average net appreciation rates. These features put a floor under the terminal bonus rates but correspondingly have a limiting effect on the higher levels of the bonus. As I pointed out last year the effect of the system—which we must apply consistently from year to year if it is to serve its purpose—was to permit a declaration for 1974 of significant terminal bonuses. The average net appreciation rate over 1975 has been higher than the average was for 1974 but it in fact still leaves our 'floor' rate operational for the 1975 declaration.

Inflation

I commented last year on the paramount need for the Government to lead the way in enabling the nation to conquer inflation. There is a welcome, though so far small, indication that some success is being achieved in that direction. Since medium term and long term savings institutions would be very seriously affected by a prolonged period of even moderately high, let alone really high, inflation, we must all support all actions that will help to eradicate this serious social evil. It is important that the Government's professed intentions should succeed not only for this year but also in 1977 and beyond, because the ten per cent target for the end of 1976 is still far too high a rate. The fostering of expectations of greatly lowered inflation is a very important element in the nation's struggle to get the economy back on to a sound basis, and the Chancellor's announcement in the Budget Statement of an objective to halve the inflation rate again by the end of 1977 is welcome in this context.

Most of our Field Staff are employed on contracts that include an element of commission and therefore provide a good deal of automatic increase in earnings to offset inflation. But this is not so for our clerical staff, and I am glad to say that in our negotiations with them they have recognised the Company's problems in these difficult times, including the need not to erode our competitive position. The protection of the staff's jobs has to be a high priority in the minds of both company and union negotiators.

The Burden of Legislation

I mentioned last year our general attitude towards the Policyholders' Protection Bill. This Bill reached the statute book in November in a form that was broadly acceptable to the industry and indeed a number of useful amendments were introduced in the later stages of the Bill.

The making of regulations under the Insurance Companies Act 1974 continues to amend and add to the returns that companies have to make to the U.K. supervisory authorities. On the whole, we recognise that more detailed returns have become desirable as part of the means by which the Department of Trade carry out their very important duties. But the additional burden of work and expense that is involved in providing all this extra, detailed information, much of which, incidentally, is quite different from the information that companies use for their day-to-day operations, for bonus decisions and for reporting to shareholders, should never be overlooked. The latest regulations set out not only the bases for valuing various assets but also the maximum percentages of the long-term business assets and the other assets (separately) that may be counted, in respect of individual investments, towards the asset cover for the liabilities. Regulations as to the valuation of liabilities are expected shortly and also an extensive revision of the voluminous accounts and forms that we have to complete for submission to the Department.

I mentioned also the Social Security Act and expressed my reservations about the Government's attitude to contracting out from the earnings-related component of the new-style state pensions. Those reservations were linked with the underlying open-ended commitment that employers would have to undertake in respect of employees who leave. The possibility of avoiding the open-ended commitment has now been provided by means of an alternative under which the employer undertakes to give to employees who leave after sufficient service a paid-up pension that represents at pension age the accumulation of his or her 'earned' guaranteed minimum pension at no less than 8½ per cent per annum. As an example of the effect of this—for schemes providing common levels of 'final salary' pensions an employee whose earnings are within the state scheme range and who leaves (in 1988 or later) at age 30 after ten years' membership would have to be given a paid-up pension commencing at age 65 of the order of eight or nine times the ten years' accrual of benefit based on his pensionable earnings at the time of leaving. It is an interesting commentary on the extent of the Government's confidence in the success of its anti-inflation programme that it can ask employers to undertake such a commitment over such long periods ahead, and to fund their schemes on that basis. It is not easy to see how this provision squares with the Chancellor's welcome announcement of a 5 per cent inflation rate target for the end of 1977 and with the implications of that for medium and long-term interest rates.

There is another Act that on the face of it has little relevance to insurance companies — the Consumer Credit Act. This is primarily directed at companies and traders whose business is the provision of credit or of services such as credit brokerage, debt counselling and so on. Insurance companies, and in particular, life offices, are 'caught' by this extremely involved piece of legislation because, incidentally to their main operations, they may lend money for house purchase or to policyholders on the security of life policies, within their surrender values, or because they make loans available to their staffs for specified purposes as part of their conditions of service, or because they charge monthly premiums that represent quarterly or yearly premiums payable by instalments or because their staffs may give advice as part of the general service provided by offices to policyholders or potential policyholders. Some of the consequences seem likely to add materially to the costs of incidental services that offices have traditionally provided, or of ways in which offices have long conducted their business. It is a sad commentary on the potential consequence of modern consumerism that it leads to legislation that may well force offices to decide to cease doing perfectly reasonable and innocent things for the benefit of their policyholders—and that is what could well happen unless the authorities use their regulation-making powers under the Act to relieve life offices of the worst of the potential difficulties.

I make no apology for having written at length on these matters. These four pieces of legislation alone must have cost the industry many hundreds of high-level man hours during recent years both within individual offices and at the Associations, whose committees and working parties absorb much time of offices' senior staff for the general benefit of the Associations' memberships. When the current flow of regulations is completed it is to be hoped, EEC harmonisation notwithstanding, that the industry may be left a long period of relative freedom from additional legislative burdens.

Capital for Industry

There have recently been many accusations, mainly from political sources, that the investing institutions are failing to put enough new capital into the Country's industry. Such accusations are ill-founded. It is not the investor who has the power to decide when a company should raise more capital, it is the Board of the company concerned, and Directors will rightly not seek to raise capital if they see no reasonable prospect of rewarding it. When it is accepted that industry must be allowed to prosper if living standards are to be improved, then industry will be encouraged to expand. Those companies which have felt able to expand in their particular fields have not been inhibited by lack of finance.

On a narrower point within this context there has been much comment and a wide spread of opinion expressed about proposals for the setting up, by groups of financial institutions, of an organisation to channel equity capital into companies which can demonstrate its viable employment but which for one reason or another are unable to obtain it by normal means. We ourselves are far from convinced that there is a significant gap in the present system.

However, we would not wish to see deserving businesses being unable to obtain capital. If it is possible to set up a quite limited operation, supervised by a Board determined to ensure that finance is provided only in cases where no other channel is available, and only to businesses which can offer reasonable prospects of success, and if the advisory or supervisory function is clearly restricted to companies where a financial interest exists, then, provided there is an adequate spread of representation from all the relevant investing institutions, we would feel able to participate.

Board Structure

A special resolution is being submitted to Stockholders at the Annual General Meeting proposing an effective increase of two in the maximum permitted number of Directors and a reduction in the qualification stockholding. Over recent years, as Stockholders are aware, there has been a reshaping of the structure of the Company's Board. We now have on the Board four senior officials, who have directorial responsibilities in addition to and distinct from executive functions. It is considered necessary that there should also be a reasonable number of non-executive directors, drawn mainly but not necessarily entirely from the ranks of retired officers of the Company, whose experience will be of great value in their supervisory and policy-making role. Maintaining an appropriate balance could in future call for a small increase in total numbers. All Board appointments have been, and of course continue to be, subject to Stockholders' confirmation at the next Annual General Meeting.

With a view to adding further to the flexibility of the Board arrangements, we are also proposing in the special resolution that the Articles should provide for the possibility of two Deputy Chairmen. There is no intention to make two such appointments on the full-time basis that has applied so far, but it could be appropriate from time to time to appoint two non-executive directors to share the responsibilities of Deputy Chairman on a part-time basis, and we are of the opinion that it would be helpful for this course to be available.

I can assure Stockholders that the proposals would involve no significant increase in the cost of their Board, and indeed despite inflationary times the changes made in recent years have resulted in a quite considerable reduction in the aggregate remuneration of Directors and those senior official posts whose present incumbents are also Directors.

In times when the accumulation of capital, even by senior employees, is greatly inhibited by extremely high taxation, it is not thought reasonable that the appointment of a Director should be conditional upon the acquisition of a stockholding costing currently around £5,000, and which at times has cost as much as £8,000. This is particularly true where the appointment is entirely non-executive. Hence the suggestion of a reduction to 500 units, valued today at around £1,250.

Investments

The balance sheet shows separate figures for the long-term, short-term and stockholders' funds. The long-term business dominates the scene and these comments deal mainly with the figures for the Company as a whole.

Total assets of the Company at balance sheet value rose by £58m to £836m after writing up the equity and property portfolios by £4.5m and £1.7m respectively (in each case net of tax provision).

Gross investment income increased by £8m to just under £69m. The percentage contributions by main sources, for last year and 1974 were:

British Government securities (including future redemption profits)	22.7	(22.8)
Debenture and loan stocks ...	14.4	(16.6)
Mortgages and loans	10.0	(10.3)
Property	12.6	(12.0)
Ordinary shares	31.0	(29.6)
Other assets	9.1	(8.7)

At the year-end, short-term deposits in the United Kingdom amounted to £30½m compared with £57½m the year before. Of such deposits £25m related to the long-term business and represented 3.2 per cent of the long-term assets.

The prospect of a significant reduction in the rate of inflation together with the level of interest rates obtainable last year provided a basis for a reversal of policy and a resumption of investment in fixed-interest securities. The policy of investing in sound U.K. industrial equities, both on grounds of value and in the belief that basic economic activities have defensive qualities in real terms, was continued.

During the year the gilt-edged portfolio was increased by some £25m against a reduction of £9m in 1974. Other fixed-interest investments showed little net change. Gross advances under house purchase mortgages totalled £12½m, with net lending amounting to £6 million.

Net equity investment, largely in United Kingdom shares, exceeded £26m of which £8m went to finance industrial and commercial companies raising new equity capital through rights issues. Additionally £5m was spent on the acquisition of the 51 per cent of the ordinary capital of New London Properties Limited not previously owned by the Company, and the total cost of New London shares now appears in the subsidiary companies' figure.

Net investment in property amounted to £11½m, including £3¼m of expenditure on our building at Peterborough, which now houses our computer operations and related departments. The forward programme at the year-end comprised planned purchases and developments totalling £5½m.

The year-end valuation, at mid-market prices for quoted investments, directors' valuation for unquoted investments and based on the directors' consideration of a valuation by the Company's surveyor for real property, showed the following figures in relation to balance sheet values (1974 figures in brackets):

	Balance sheet value (£m)		Year-end valuation (£m)		Appreciation (+) depreciation (−) (£m)	
Ordinary shares	255	(226)	422	(193)	+167	(−33)
Fixed-interest securities	289	(265)	241	(173)	−48	(−92)
Real property	121	(105)	192	(166)	+71	(+61)
Loans and mortgages (mainly house purchase)	100	(94)	85	(68½)	−15	(−25½)

The value of the currency premium on overseas investments at the year-end which amounted to just over £27½m (1974—£19m) after allowing for potential surrender requirements, has been ignored in the valuation shown.

The foregoing figures include those relating to the short-term and the stockholders' funds where there is a net appreciation of £10.2m on stock exchange securities on a combined asset total in the balance sheet of £45½m. To this appreciation should be added £950,000 of currency premium net of contingent surrender obligation.

The figures I have given do not allow for the tax that would be payable or recoverable on a realisation of gains or losses on the investments.

The yields on the life funds were 8.95 per cent (8.47) in the Ordinary branch and 8.97 per cent (8.48) in the Industrial branch.

The investment income of the short-term fund was £2.94m (£2.44m) and that of the stockholders' fund £1.08m (£1.08m).

Life Valuations and Bonuses

The valuations of the life liabilities have been made on the same bases as for 1974—and those, as I explained last year, were unchanged from 1973 because we had decided to retain our normal balance sheet asset valuation, and this enabled the Actuary to maintain the 1973 bases.

In the ordinary branch the surplus for the year was some £2.3m higher than in 1974 at almost £20m. We have been able again to increase the reversionary bonuses on United Kingdom policies, and also to declare an additional reversionary bonus, of a non-repetitive nature, on certain older 'Pension Business' policies (mostly 'self-employed' deferred annuities). As I mentioned earlier, the terminal bonuses are at the same level as for last year.

The bonuses declared for the overseas territories are similar to those for 1974.

In the industrial branch the surplus for the year was £17.7m. The reversionary bonuses are at the same rates as for 1974, and the terminal bonus, as with the ordinary branch, is at the same level as for last year.

General Branch

Net premium income in the general branch, worldwide, was £23.85m compared with £21.8m in 1974—an increase of 9.4 per cent. The comparison is affected, however, by the considerable reduction in premium income following our withdrawal from Canada announced in the early part of 1975. If the Canadian income is ignored for both 1974 and 1975 the worldwide income increased by 21.5 per cent. The Home income, which comprises the majority of the general branch account, rose from £17m to £21m, an increase of 23.5 per cent. This increase in the Home account did not quite match the rate of inflation, and thus does not in fact represent true growth. The underwriting loss was just under £3m compared with £3.5m in 1974, but investment income earned on the general branch fund reduced the net loss to just under £250,000.

The Home account produced an overall underwriting loss of £1.76m, which is a deterioration on 1974 and still gives cause for concern. The Property account, which is preponderantly domestic business, has for many years supported other classes, but the claim ratio has risen again, from 53 per cent in 1974 to 56 per cent in 1975. The other major account, Motor, has increased in volume by 25 per cent, the claims ratio remaining virtually unchanged at 67 per cent. The increase in income is due almost entirely to rate increases rather than growth of business. In the Liability account action has been taken to improve the basis of rating. The loss ratio has improved considerably, being reduced from 98 per cent to 72 per cent, but as the account is still small it is vulnerable to inflationary tendencies and increasing Court awards. A similar significant improvement in loss ratio applies to the Pecuniary loss account but again as this is comparatively small it remains vulnerable to inflationary tendencies. The Personal accident account with a premium income of some £700,000 produced an underwriting loss of about 10 per cent.

Overseas, the major item involved in the overall underwriting loss arose from the run-off costs of our withdrawal from Canada, although I am pleased to record that these have been below the figure we expected when our decision to cease trading there was taken. There are further costs to be incurred in 1976 but thereafter we hope to make provision for the handling of the remaining work at a very modest level.

In Australia, the unsatisfactory experience suffered in recent years by the insurance underwriting market is well known and the reinsurance protection we have given to our associated company there—Australian Eagle Insurance Company Limited—has produced adverse results for us since 1972. In my statements both last year and the year before I reported that Australian Eagle was taking steps to improve the situation and I am glad to be able to record that the underwriting loss from that source reflected in our accounts for 1975 was at a much lower level than for 1973 and 1974.

The corrective action taken by Australian Eagle has involved a change of emphasis on the type of business written and we have been in full agreement with our co-shareholder, Eagle Star Insurance Company Limited, on the path chosen. However, in discussions with them we have agreed that there would be advantages to both of us if Australian Eagle became a wholly-owned subsidiary of Eagle Star. Accordingly an agreement has been reached with them whereby (subject to the necessary consents) Eagle Star will acquire our shareholding in Australian Eagle with effect from January 1976.

In New Zealand our branch (jointly operated with Eagle Star) has continued to produce unsatisfactory results and we have reached the conclusion that there is little prospect of future profitability. Arrangements have been made with The National Insurance Company of New Zealand Limited under which they have taken over both our business and that of Eagle Star from 1st April 1976. Our other overseas branches are those in Central Africa and Portugal and in both areas our staffs are facing difficult times. In Central Africa the profitable outcome we have seen for many years past has been continued and the growth of our business has been maintained. In Portugal the underwriting result has been marginally unfavourable and we await decisions by the Portuguese authorities to enable us to effect changes which, I hope, will improve the working arrangements of our branch and our subsidiary company there, Companhia de Seguros Portugal.

We also have subsidiary insurance companies in Brazil and the U.S.A. Monarca's growth in Brazil is hampered by the necessity to make compulsory reinsurance cessions to the State reinsurance institute which are not balanced by reciprocal cessions from the institute. Nevertheless Monarca's underwriting loss was marginal and continued good investment results produced a record profit for the year.

Monarch of Ohio, which is predominantly a long-term fund investment, again had a poor year with a substantial trading loss. Its business falls into two main areas: the first being a volume of domestic business written through an agency force and this, in line with the market has suffered not only from the effects of inflation but also from inadequate rating. The remainder of the business arises from participation in various pools and associations and a thorough review has been carried out resulting in the cancellation of a number of contracts. There are signs that more realistic rating levels are now being applied in all areas in the U.S. market and we are hopeful that 1976 will see an upturn in the Monarch results.

Premium growth in the marine, aviation and transport account has been slowed by the lower level of premium rates now prevalent. The 1973 account has been closed showing an underwriting loss but this was more than offset by the investment income earned on the funds. After the transfer to profit and loss account the fund is in a stronger position than a year ago. We look forward to seeing expansion of our interest in the aviation market following the appointment of Aviation and General Insurance Company Limited as our aviation underwriters with effect from 1st January 1976.

Profit & Loss Account

The main 'income' items of the profit and loss account are transfers from the long-term business totalling £3,582,000 and investment income of £1,084,000, thus maintaining the higher level achieved on the stockholders' fund following the segregation of assets carried out in 1973. There is a transfer of £50,000 from the marine, aviation and transport account.

The general branch results, after allowing for investment income, have led to the need for a transfer out of the profit and loss account, amounting to £249,000.

After meeting the cost of dividends including the proposed final dividend at the maximum level permitted, the balance in the account is £201,000 higher at £2,853,000.

Tribute to the Staff

Inflation in particular and economic conditions generally have continued to hamper the efforts of the Company and the Staff to ensure growth in real terms, which is essential to continuing security and progress for the staff in their jobs. Mutual hard work, taking full advantage of the opportunities and facilities that the Company offers, is and will continue to be the key to success, and it is fitting that I should end this statement with an expression of thanks and appreciation to staff and representatives of all levels, at home and overseas, who contributed during 1975 to our progress towards that end.

The Annual General Meeting of the Company will be held on May 26th at 12 noon at the Registered Office, High Holborn, London WC1V 7EB.

Pearl Assurance Co. Ltd.,
High Holborn, London WC1V 7EB.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Denmark arranges a $200m. Euroloan

By Mary Campbell

THE Kingdom of Denmark has arranged a $200m. Eurocurrency loan, London banking sources say. It is believed that the loan has been put together by ten banks without public syndication on the Euromarket. Each of the banks is understood to have put up $20m. The maturity of the loan is reported to be seven years, with the spread rising from 1¼ to 1½ per cent.

* * *

Norpipe, the Norwegian company which is responsible for construction, maintenance and operations of the transport system in the Ekofisk oilfield in the North Sea, is raising DM100m. on the German capital market. Maturity will be 12 years and indicated coupon 8 per cent. Lead manager is Commerzbank.

* * *

Panama has arranged a $80m. Euromarket financing for the Republic's capital investment requirements for 1976. The loan, for which the lead financing is in two tranches, each of $40m.: one tranche offers a spread of 1¾ for seven years and the other a spread of 1½ for five years. Lead manager is Citicorp International.

* * *

The consolidated net sales of Marui and Co. amounted to Y147.2bn. (about £269m.) in the year to January 31, 17 per cent. up on the previous year, Mr. Tadao Aoi, the president of the company, said in London yesterday. He was speaking at a meeting to launch Marui's $25m. convertible Eurobond issue.

Consolidated net income was up by only 3.6 per cent. to Y5.9bn., however. This was primarily as a result of expenditure on store renovation and enlargement in anticipation of the expected economic recovery, and of increased taxes, Mr. Aoi said.

Non-Japanese shareholders already own more than 20 per cent. of Marui's share capital. European shareholders are apparently particularly prominent and that is the main reason why the company preferred to issue its convertible in Europe rather than the U.S.

'More aggressive' policy planned by Nestlé in 1976

BY JOHN WICKS ZURICH, May 3.

THE SWISS-BASED foodstuffs concern Nestle Alimentana S.A., of Vevey, intends to carry out a more aggressive marketing policy this year, according to managing director Dr. Arthur Fuerer, with a view to increasing market penetration and a "less reserved" position than in 1975 on acquisitions, Fuerer stressed, however, that the company would be interested only in undertakings which from the start would show a good return on investment.

This year's business looked good so far, said Fuerer at a Zurich Press conference, although higher coffee and cocoa prices were bound to be felt: some hundreds of millions of Swiss francs could be incurred in inventory costs as a result of higher raw-material prices, he indicated. Investments this year will be between Sw.Frs 700m. and 800m., having dropped by some Sw.Frs.70m. to Sw.Frs.685m. in 1975.

For last year, a breakdown of Nestle group turnover of Sw.Frs.18.28bn. (1974: Sw.Frs. 16.62bn.) into product groups shows almost unaltered shares of 30.8 (30.4) per cent. for instant and liquid drinks, 24.4 (24.5) per cent. for milk, cheese, yoghurt, "and other chilled products" and 20.1 per cent. (same) for soups, bouillons, seasoning, prepared dishes and sundry products. Other production areas were chocolate, cocoa and confectionery with a decreased share in group sales value of 9.4 (9.6) per cent., frozen foods and ice cream with 7.8 (7.9) per cent. and infant foods and dietetic products with 7.5 per cent. (same). The overall 10 per cent. increase in group turnover would have been one of about 13 per cent. had exchange rates remained unaltered.

Net profits for the Nestle and affiliated Unilac groups improved to Sw.Frs.799m. (742m.) last year, after what parent company Nestle Alimentana calls an "excellent" increase in trading profit of 16.3 per cent. to Sw.Frs. 1.68bn. (1.44bn.). The difference between trading and net-profit figures is explained by a significant increase in tax charges and a rise in financing costs. Partly offsetting these factors were the sale to the National Westminster Bank of most of the Nestle holding in Handelsbank, Zurich, and a decrease in the share of group profits attributable to minority shareholders, the latter a result of increased Nestle holdings in Libby, McNeill and Libby and the French Claudel concern.

Hero cuts back abroad

BY JOHN WICKS ZURICH, May 3.

THE SWISS foodstuffs concern Hero Conserven Lenzburg intends to close the Lunel plant of its subsidiary Conserves Lenzbourg Franco-Suisse S.A., Lyons. At the Hero annual general meeting, Board President Dr. Alfred Schaefer blamed losses sustained by the French plant on competition from "State-privileged agricultural co-operatives," a reversal of French trading policy in the lifting of almost all restrictions on the import of fruit products from Italy, Greece and the Mahgreb and what he called the "social climate" in France. The Lunel works, he said, had initially been run at a loss and a purchaser sought.

At the same time, the liquidation of the Belgian affiliate Culina SA will be carried out in the near future if no purchaser can be found. The Belgian company, in which the Dutch Hero subsidiary Hero Conserven Breda acquired a participation in 1971, booked operating losses of B.Frs.23m. in 1975 and B.Frs.50m. last year and the Swiss company states that further production is impossible. Here, Schaefer attributed the company's losses to over-supply in the EEC, massive inflation, wage indicing and a sharp rise in bank interest, which had resulted in a marked cost disadvantage against French and Dutch competitors.

Export growth at Tadiran

BY L. DANIEL TEL AVIV, May 3.

TADIRAN, Israel's largest electronic group, expects to reach an export volume of $85m. this year, compared with $50m. in 1975 and only $18m. in 1974.

This reflects the company's policy of diverting more and more of its output to exports, since the local market has become too small to absorb the major part of production, and since demand for its communication equipment by the Ministry of Defence and of Communications has declined significantly in quantity, due to budget cuts.

Thus, despite the increase in production, the share of exports in total output rose from 20 per cent. in 1974 to 40 per cent. in 1975 and is expected to account for fully half this year. Exports are going to 50 countries. In terms of continents, Asia is the largest market—$10m. in 1974, $32m. in 1975, and an expected $45m. this year.

South America ranks second with $5m. in 1974, $10m. in the following year, and an anticipated $25m. in 1976.

The balance is widely spread with South Africa, for example, beginning to be an important outlet. But there, the accent is on the establishment of local plants—partnerships of Tadiran with local concerns.

Thus a factory for the production of nickel-cadmium products and batteries is currently being set up in South Africa to cater to demand in the South-Western region of that continent, with a strong possibility of exports to Europe. Full production levels will be reached at the beginning of 1977. Anticipated sales for the first year are put at $2.5m., with a further increase forecast for 1978.

Another joint venture in South Africa is a recently established company owned by Tadiran and the South African Conlite Company which produces emergency lighting equipment, which will take part of the battery plant's output. Orders expected here from South Africa this year are put at $4m. compared with several hundred thousand dollars worth till 1974-75. An increase to $10m. is expected for 1977. Moreover, more joint ventures are under discussions.

In product terms, military equipment accounts for the lion's share of exports (that is, 80 per cent.) with the remainder made up of professional equipment and consumer items.

Since the group cannot hope to compete abroad on any significant scale with foreign producers in the fields of TV sets, refrigerators and similar durables which it makes for the local market, the consumer items being sold abroad are mainly air conditioners, car radios, batteries, and such components as semi-conductors and crystals. The group is now engaged in an intensive research programme on the use of solar energy for the operation of air conditioners. It is hoped that this research will bear practical fruit within 3-4 years.

Net loss marks nadir for Chrysler France

BY RUPERT CORNWELL PARIS, May 3.

CHRYSLER-FRANCE, long a problem child of the French car industry, has reported a net loss of Frs.110.6m. for last year, after a loss of almost Frs.72m. in 1974 and a profit of Frs.154m. in the halcyon year of 1973.

Every sign, however, is that 1975 marks the bottom of the company's fortunes. By all accounts Chrysler-France was operating at a profit in the closing stages of 1975, and it is well nigh certain that the trend had continued into the early months of 1976.

The reason, of course, is the strong recovery in the domestic French market and the outstanding success here and elsewhere of the recently introduced 1307 and 1308 models.

The latest available figures confirm the upswing. Total 1975 output of passenger vehicles and smaller commercial vans by the company came to 449,013 units. For the first quarter alone of this year the company produced 122,444 units, equivalent to a full year of some 490,000.

Registrations for the whole of last year were 132,396 units. In January and February, 1976 alone they reached almost 30,000 and would probably have been higher still but for the lack of new production capacity for the 1307 and 1308.

Chrysler France has traditionally been strong on the export side with deliveries abroad more than double French sales. However, now it clearly stands a good chance of lifting its share of the home market to above the 10 per cent. that is widely considered a minimum viable level. Last year its penetration was only 8.9 per cent. and the year before 8.8 per cent.

INFLATION ACCOUNTING

SEC moves on disclosure

BY STEWART FLEMING IN NEW YORK

THE U.S. is probably the most advanced industrial country currently least concerned about inflation; it has none the less become the first to require its major manufacturing companies, by law, to include in their accounts an indication of the impact of inflation on their operations.

This bold decision was taken at the end of March by the agency charged with protecting investors, the Securities and Exchange Commission. Having weathered a storm of opposition to its initial thoughts on the subject the SEC's sudden move from discussion to implementation has left its opponents floundering.

The SEC's action takes the form of amendments to its corporate disclosure regulations and will require companies to add to their 1976 balance sheets, published early in 1977, footnotes setting out the impact of inflation on specific balance sheet items.

Less sweeping

In arriving at what form of inflation accounting to adopt, the SEC has taken up a position similar to, but far less sweeping than, that adopted by the Sandilands Committee in Britain.

It has taken the view that replacement cost accounting is the most appropriate adjustment to inflation. In doing so it has rejected the position which the U.S. Financial Accounting Standards Board appeared to be moving towards. The FASB has published discussion proposals based on current purchasing power accounting, under which inflation is corrected for by applying price index criteria.

While the SEC's decision has the force of law and it is in its own right an influential body, it could not push through an inflation accounting revolution on its own.

And when its proposals are examined in detail, it is clear that they fall far short of the sort of fundamental shift towards inflation accounting envisaged by the Sandilands Committee.

So while the SEC decision places a new burden of disclosure on corporations and is therefore in line with its role as protector of the investor it will not affect the way a company's tax is assessed by the Internal Revenue Service.

In essence, the SEC's new rules require that companies with inventories, property, plant, and equipment valued at over $100m. and accounting for over 10 per cent. of gross assets must include in their accounts footnotes containing inflation adjustments. The footnotes must disclose the estimated replacement costs of inventories (that is stocks) and productive capacity . the end of each fiscal year for which a balance sheet is required. They must also disclose the approximate amount of cost of sales and depreciation based on replacement cost for the two most recent full fiscal years.

The companies are also required to disclose how they have arrived at these replacement cost figures. But the information may be presented either as a footnote to the financial statements or in a separate section of the accounts and in either case will be designated "unaudited."

Thus whereas Sandilands envisages sweeping away the traditional historic cost accounting, the SEC is only requiring the major corporations to include what it concedes may be subjective estimates of the impact of replacement cost accounting in unaudited footnotes.

Most important it has also ducked the issue of what to do about monetary items and therefore the impact of inflation on financial businesses. It is only non-financial concerns which come within the orbit of the new disclosure requirements. The banks, for example, are unaffected.

One of the curiosities about the SEC's position is that in a number of ways it has recognised the limitations of the information it is requiring.

It has for example had to introduce what it terms a "safe harbour" exclusion which makes amusing reading for anybody unfamiliar with the vulnerability of U.S. businesses to legal suits.

This exclusion reads that the commission will recognise that provided replacement cost data has been prepared with reasonable care and in good faith and is presented with adequate disclosure it will not constitute, because of its imprecise and subjective basis, an "untrue statement of material fact,"—or a "manipulative, deceptive or fraudulent device."

Data ranges

It has also decided that companies may show the replacement cost data in terms of ranges rather than single figures and discuss the imprecise nature of the new data, indicate their plans for replacement or non-replacement of assets and indicate, for example, the likely impact of changing technology on their cost structure.

One of the strongest criticisms of replacement cost inflation accounting is that if you intend to replace plant with something entirely different because of technological change, the meaning of replacement cost may be hard to define.

The SEC also intends to give companies freedom to discuss the impact of monetary items on their position, including for example the benefits of repaying debt in depreciated dollars.

While the flexibility of the SEC approach may have virtues it has not satisfied the agency's opponents. Indeed the flexibility itself is one of the elements most criticised, on the grounds that in so new and subjective an area companies would like to have clear practical guidelines about how to set about the task of preparing the footnotes in a way which will satisfy the SEC.

There are also anxieties about the cost of setting up the new systems, at least among the medium sized companies affected.

Currently, however, business seems to have taken the view that it might as well bow to the inevitable and there is little sign of the earlier controversy reviving. In part this reflects the fact that inflation in the U.S. is now thought to be running at only 6 per cent. and therefore the impact of the replacement cost footnotes on accounts is likely to be less significant than it would have been a year ago. The implications for inflation adjusted profits are also less serious now that corporate earnings are recovering sharply from last year's serious setbacks.

Another factor has also made the inflation accounting controversy less crucial. At one time the business community saw it as a possible weapon to reinforce its case for changing and probably reducing its tax bills.

In a presidential election year and with the business community aware that its status in society has been damaged by recent scandals, it is all too evident that Congressmen and voters are in no mood to ease the tax burden on major corporations. So the corporations are preparing to disclose replacement cost data next year and the SEC has, it seems, won what is an important point of principle and could become more important in practice should inflation quicken.

Amoco turns down joint bid

BY JAMES FORTH SYDNEY, May 3.

NEGOTIATIONS for the Australian petroleum groups, Ampol Petroleum and H. C. Sleigh to acquire the Australian operations of the U.S. group Amoco have broken down. Amoco Australia, which is owned by the U.S. giant Standard Oil of Indiana, reported to-day that a joint proposal to buy the company's assets had been received and rejected. No further consideration was being given to the proposal and discussions between the companies had ceased. Ampol and H. C. Sleigh had been working on the proposal for several months. Both companies face the need for additional refining capacity. Sleigh had been considering building a jointly-owned oil refinery in New South Wales with Broken Hill Proprietary Company and Ampol had been looking at putting up a jointly owned refinery in NSW with the French group Total. However, both of these proposals were abandoned.

The bid price has not been disclosed. It is suggested that AMOCO wanted $A100m. but could have been prepared to go a little lower. However, it considered that the price offered by the Australian companies was too low.

Ampol and Sleigh were reluctant to bid too high because conditions in the petroleum industry are difficult and Amoco incurred a small loss in 1974. It is suggested however, that Amoco will report a record profit for 1975, largely because of price increases granted during the year by the Prices Justification Tribunal.

Commenting on the breakdown of talks, Ampol's chairman Mr. W. M. Leonard said: "Apparently the value placed on their assets by Amoco is far greater than Ampol's assessment after four months of detailed and intensive investigation."

"Our plans for the expansion and improved flexibility of the Ampol refinery at Lytton, near Brisbane, will now be expedited, and we are continuing to examine the alternatives open to us for refining capacity in NSW," he added.

It is considered unlikely that Ampol will re-activate plans for a joint refinery with Total, largely because of a sharp escalation in capital costs. An arrangement for the U.S. group Caltex to expand its NSW refinery with some of the product earmarked for Ampol is more likely.

Allied Mills recovery

BY JAMES FORTH SYDNEY, May 3.

ALLIED MILLS, Australia—the food processor, distributor and exporter, staged a strong recovery in the half-year to February 29, lifting earnings by 71 per cent. to $A2.1m.

The $A1.2m. earned in the first half of 1974-75 was, however, depressed: it was almost 28 per cent. less than earned in the same period of 1974.

The improvement in the latest half follows on from a strong second-half performance in 1974-1975 which enabled the group to finish with an almost steady profit of $A3.2m. for the year to August 31.

The latest result is not unexpected. The directors predicted a substantial increase in first-half profits late in March, when announcing simultaneous scrip and cash issues.

The latest profit increase was achieved on a lift in sales of only 10.9 per cent., from $A77.5m. to $A86.3m. The result equals a return of 2.44 cents per dollar of sales.

The profit was after a sharp jump in tax from $A578,000 to $A1.7m. and a lift in depreciation from $A1.6m. to $A1.8m.

As forecast, the interim dividend is 4.5 cents a share, but will not be paid on shares from the cash and bonus issues. The final is expected to be 3.75 cents, establishing an annual rate of 7.5 cents a share.

U.S. Steel funding needs

ATLANTA, May

U.S. STEEL Corp. beli[eves] another round of steel p[rice] increases will be needed betw[een] the second half of 1976 and [the] end of 1977, Chairman Ed[gar] Speer told reporters before [the] annual meeting.

He anticipated that such [in]creases could not come [until] there is another steel sho[rtage] similar to that in the 19[73-74] period.

U.S. Steel will have to [obtain] a portion of its 1976 capital [needs] through the sale of some [form] of equity securities, added Speer.

He would not speculate on [how] much capital would be raise[d by] any equity offering, nor [when] the company would make [the] offering.

Stockholders at the [annual meeting] will be asked to vote on a [pro]posed three-for-two stock [split] and elimination of pre-em[ptive] rights.

Alcan (NZ)

By Dai Hayward

"WEAKENING of the [New] Zealand dollar helped to [increase] the exchange loss on o[verseas] loans suffered by Alcan [(NZ)] Limited to $800,000 after [tax.]

"This was $100,000 more [than] the figure quoted in [the] annual report of 1975," [an]nounced the chairman of [Alcan] (NZ) Limited, Mr. J. B. Clark[son.]

The New Zealand dollar [was] devalued by about an e[ffective] 5 per cent. in comparison [with] the U.S. dollar since Jan[uary] this year.

"This is most unrewar[ding] because it is outside man[age]ment control, but we hope [the] New Zealand dollar has reached bottom," said [Mr.] Clarkson.

Coca-Cola maintains its forecast

COCA-COLA COMPANY still expects earnings for 1976 to be significantly ahead of 1975's $239.3m. or $4 per share, chairman J. Paul Austin told the annual meeting.

The company made the same prediction in its 1975 annual report, Reuter reports from Wilmington, Delaware.

Coca-Cola reported first quarter earnings of $57.5m. or 96 cents per share, up from $46.8m. or 78 cents per share a year earlier. Mr. Austin attributed the decline to a 50 per cent. drop in U.S. syrup prices from last year's first quarter due to a pass-through of lower sugar costs.

Greyhound up

GREYHOUND CORP., Reuter reports from New York, achieved first quarter earnings per share of 32 cents (18 cents), net income was $13.8m. ($7.6m.) from revenues of $873m. ($798m.).

The company said that Armour-Dial operations resulted in a record quarter but that transportation group profits declined sharply because of losses in intercity operations.

Globus sales drop

TURNOVER of the Globus department store group, headed by the Zurich company Magazine Zum Globus, fell by 3 per cent. to Sw.Frs.806m. last year, with group profits down sharply from Sw.Frs.20.2m. to Sw.Frs.10.7m., John Wicks writes from Zurich. Depreciation rose to Sw.Frs.16.8m. (14.8m.) over the year. The Board is to recommend unaltered dividends for 1975 of Sw.Frs.65 per share and Sw.Frs.13 per participation certificate.

Pernod contrasts

PERNOD—RICARD SA: Provisional net 1975 parent company profit was Frs.31.1m. (64.9m.).

Earlier-announced net group profit was Frs.121.6m. (up 47 per cent.), Reuter reports from Paris.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer	CONVERTIBLES	Bid	Offer
Aquitaine 10pc 1985	103½	104½	American Express 4¼pc '87	82	84
Ashland 8pc 1987	95½	96½	Ashland 5pc 1988	87	89
Austraswiss 8pc 1987	94½	95½	Beatrice Foods 4½pc 1992	94½	96½
BFCE 8½pc 1983	99½	100½	Beatrice Foods 4⅞pc 1992	103	105
CNE 9pc 1985	101¼	102¼	Borden 5pc 1992	97	99
Conoco 8pc 1986	100½	101½	Broadway Hale 4⅞pc 1987	78½	80½
ECS 9pc 1986	100½	101½	Canon Camera 7pc 1990	144	146
EIB 9pc 1985	102½	103½	Carnation 4pc 1987	80	82
ERAP 9½pc 1985	102½	103½	Chevron 5pc 1988	114	116
Esso 8pc 1986 Nov.	101	102	Dart 4¾pc 1987	84½	86
Eurofima 8½pc 1983	99½	100½	Eastman Kodak 4½pc 1988	118½	120½
Granges 9½pc 1985	101	102	Economic Labs. 4½pc 1987	82	84
Massey 9½pc 1982	103½	104½	Fed. Dept. Stores 4½pc '85	111	113
Michelin 9½pc 1986	100½	101½	Firestone 5pc 1988	90	92
MODO 9½pc 1983	100½	101½	Ford 6pc 1986	100	102
Nwfdld. Labrador 9½pc '86	104	105	Ford 5pc 1988	90	92
New Zealand 9½pc 1982	102½	103½	General Electric 4¼pc 1987	85½	87½
Norpipe 9½pc 1988	100½	101	Gillette 4¾pc 1987	80	82
Norsk Hydro 9½pc 1986	102½	103½	Gould 5pc 1987	88½	90½
Oslo 9pc 1988	100	101	Gulf and Western 5pc 1988	94	96
Pacific Light 8pc 1986	95½	96½	Harris 5pc 1992	81	83
Prov. Quebec 9pc 1984	100½	101½	Honeywell 6pc 1986	83	85
Scanraff 8½pc 1988	99½	100½	ITT 4½pc 1987	78½	80½
SFE 9pc 1983	100½	101½	Komatsu 7½pc 1990	105	106½
Shell 8pc 1986	101	102	J. Ray McDermott 4¾pc '87	133½	135½
Stand. Oil (Ind.) 9½pc '88	102½	103½	Mitsubishi Elec. 7½pc 1991	105½	107
Svenska Handels 9½pc 1986	100	101	Mitsui 7½pc 1990	101½	103
Volvo 9½pc 1985	103½	104½	J. P. Morgan 4¼pc 1987	117½	119½
			Nabisco 5½pc 1988	91½	93½
NOTES			Owens Illinois 4½pc 1987	102½	104½
Barclays 9½pc 1982	101½	102½	J. C. Penney 4¼pc 1987	84	86
British Gas 9pc 1981	101	102	Pioneer 6½pc 1989	292	297
Charb. France 9½pc 1981	99½	100½	Revlon 4½pc 1987	103½	105½
Denmark Mt. Bk. 9pc 1983	97½	98½	Reynolds Metals 5pc 1988	89	91
ECS 8½pc 1981	101	102	Sperry Rand 4½pc 1987	98	100
EEC 8½pc 1982	97½	97½	Squibb 4½pc 1987	80½	82
Elec. Council 8½pc 1981	98½	99½	Texaco 4½pc 1988	78½	80½
Montreal 9½pc 1983	101½	102½	Toshiba 6½pc 1990	105½	107
Nippon Steel 9½pc 1980	103	104	Union Carbide 4½pc 1982	123	125
Norway 8½pc 1981	102	103	Warner Lambert 4½pc 1987	90½	92½
Prov. Quebec 8½pc 1981	100½	101½	Warner Lambert 4½pc 1988	85½	87½
Seagram 9pc 1983	103	104½	Xerox 5pc 1988	77	79

Source: White, Weld Securities. Source: Kidder, Peabody Securities.

WALL STREET + OVERSEAS MARKETS + LATEST PRICES

Early 9.5 fall on Fed money move

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 3.

THE RECENT decline quickened on Wall Street to-day, after Dr. Arthur Burns, Federal Reserve Board chairman, said the Board has lowered long-term targets for growth in the money supply—an action that analysts believe could put upward pressure on interest rates.

By 1 p.m. the Dow Jones Industrial Average was down 9.52 at 987.37 and the NYSE All Common Index shed 48 cents to $53.63, while declines outnumbered advances by a more than three-to-one majority. Trading volume further decreased 210,000 shares to 8.81m., compared with 1 p.m. last Friday.

Closing prices and market reports were not available for this edition.

Dr. Burns also said that "further downward adjustments (in the targets) will be needed as the economy returns to fuller utilisation of its labour and capital resources."

One analyst said: "It's not that dramatic a move, the economy is too vigorous and Dr. Burns merely is trying to temper it a bit and perhaps give it longer life."

Blue Chips and "Glamours" encountered most of the selling pressure.

Johns-Manville fell $1½ to $28⅝ after announcing plans for a 2m. common share offering.

Sears, Roebuck surrendered $1½ to $69⅞, S. S. Kresge $1 to $35⅞, Merrill Lynch $1 to $25, Bausch and Lomb $1½ to $32⅞, Great Atlantic and Pacific Tea $1½ to $12⅝ and Honeywell $1½ to $43⅞.

But Schlumberger added $⅞ at $75½ on higher first-quarter earnings.

Coca-Cola dipped $⅞ to $82½, despite increased profits.

General Motors, the most active stock, were off $1 at $70 on over 180,000 shares.

Heavily traded Xerox lost $1½ to $49½. But less active North American Coal, which will hold its annual meeting to-morrow, were lifted $3⅞ to $45½.

IBM gave way $1½ to $251¼, International Paper $1⅛ to $70⅞, General Dynamics $1 to $46¼, Texas Instruments $2½ to $114, and Utah International $1½ to $55⅞.

Technicare dropped $1 to $36⅞ on Press comment regarding its ability to maintain its strong growth rate.

But Sargent-Welch Scientific jumped $1⅞ to $12½—it is offering to purchase up to 500,000 shares of its Common at $13 each.

The American SE Market Value Index declined 0.34 to 102.03, while the turnover rose 10,000 shares to 1.01m. compared with 1 p.m. last Friday.

OTHER MARKETS

Canada lower

Canadian Stock Markets turned lower in light trading yesterday morning, taking their cue from interest rate concern on Wall Street.

The Industrial Share Index shed 0.87 to 191.11, Golds 0.49 to 300.74, Base Metals 0.53 to 89.93, Utilities 1.09 to 140.61 and Papers 0.71 to 128.65. But Western Oils put on 0.33 to 227.64 and Banks firmed 0.18 to 246.19.

Senior Industrial Mines led the way down, with Noranda Mines losing $1 to $36¼ on its sharply lower first-quarter earnings.

Inco dipped $½ to $32½, as did Alcan Aluminium to $27½.

Bow Valley Industries rose $⅜ to $24⅞, but Dupont of Canada lost $½ to $18 on "unsatisfactory" margins.

Canadian Javelin gave way 25 cents to $2.10—its auditors advised they may amend certification of its 1973 annual report.

PARIS—French shares dropped back broadly in fairly quiet trading, reflecting continued apprehension over the institution of a Capital Gains Tax. All sectors ended on the downside without exception.

Gainers against the general trend were CDC, Hutchinson, Parifrance, DBA and LMT.

The Foreign sector also gave ground. Gold Mines, however, showed some improvement. Coppers also advanced slightly.

BRUSSELS—Losses predominated in very quiet trading.

Steels weakened. Electricals and Utilities were lower. Non-Ferrous Metals were mostly easier, gains predominated among Chemicals. Oils were easier, while Holdings were narrowly mixed.

Among Internationals, U.S. stocks gave ground, South African Gold Mines weakened, French shares eased a little, German sector was lower and Dutch shares were easier.

AMSTERDAM — Generally easier, with Dutch Internationals lower. Philips shed Fls.0.8 to Fls.32.3xd, despite announcing an improved first quarter profit.

Elsewhere, Insurances rose against the general trend, with the exception of Nationale Nederlanden which fell Fls.2.10 to Fls.97.5. Hal also firmed among otherwise lower Shippings.

State Loans were slightly lower.

SWITZERLAND — Markets fluctuated narrowly in generally moderate trading.

Banks and Financials mainly eased. Insurances and leading Industrials were featureless with losses in the majority in Industrials. Chemicals edged lower.

State Bonds were steady.

In a moderately active Foreign sector, Dollar stocks were irregularly lower, Dutch Internationals barely steady, while Germans eased.

GERMANY — After opening weaker, markets closed mixed on "large" buying orders from some Institutional investors.

Major Chemicals advanced on expectations of favourable first quarter results.

AEG fell DM2.60 to 96.4 after it said it is still to early to say if it will make an overall 1976 profit.

Leading Banks were well-maintained.

In Motors, Daimler advanced DM4.50 to 344.50, and VW DM1.50 to 146.50.

Utilities, Electricals and Engineerings were generally weaker.

Machine Makers mostly gained ground, Steels were mixed, while Metals were lower.

Minings were mixed to lower. Utilities mostly advanced, Stores were predominantly lower, while Breweries declined a little.

Domestic Bonds declined up to DM0.40 in very quiet trading, with the Regulating Authorities making minor intervention to even out supply and demand. Foreign Mark Loans were easier.

OSLO—All sections quiet.

VIENNA—Irregular in slow trading, with Bank Preferred stocks closing steady.

COPENHAGEN — Generally higher in moderate dealings. Banks were little changed.

MILAN—Generally lower in very quiet trading, reflecting investor reserve following the Italian Government collapse, dissolution of Parliament and calling of June General Elections.

Bonds were quiet.

TOKYO—Closed yesterday, due to holiday.

HONG KONG—Lower in light trading.

Hong Kong Bank were down 20 cents to $HK22.20, Hong Kong Land 10 cents to $HK7.70, Hutchison 5 cents to $HK2.95, Jardine 30 cents to $HK22.90, Swire Pacific "A" 10 cents to $HK9.60 and Hong Kong and Kowloon Wharf 20 cents to $HK17.00.

But Metro-Dodwell rose 10 cents to $HK3.20.

JOHANNESBURG—Gold shares were firmer on London buying, while there was active trading in Uraniums.

Financial Minings were marginally higher, Coppers firmer and Platinums put on up to 5 cents. Other Metals were easier.

Industrials were quietly steady.

AUSTRALIA—Prices fell across the board in uninspired trading, with sentiment dampened by the apparent Labour victory in the latest State elections.

However, situation stocks managed o stand out with firm gains. Among these, CSR moved up 15 cents to $A4.30.

Coals also moved up on a Government "go ahead" for the Theiss-Peabody-Mitsui Nebo coal project in Queensland, as well as indications that Australian coal exporters had won a satisfactory deal in negotiations with Japanese buyers.

Theiss rose 10 cents to $A2.35.

Utah put on 5 cents to $A3.85.

Properties, Retailers and many other groups were decidedly weaker. Oils were dull.

Pancontinental lost 20 cents at $A9.70, and Queensland Mines 10 cents at $A2.30. MIM dipped 10 cents to $A2.05.

BHP fell 12 cents to $A7.36 and Comalco eased 5 cents to $A1.90.

Pound weaker

Sterling lost ground in the foreign exchange market yesterday, following news that South Wales miners will press for wages of £100 a week. The pound showed a firmer trend at the start and touched $1.8460-$1.8470 in early dealings, before the statement by the president of the Welsh miners unsettled the market and pushed sterling down to $1.8350-$1.8360 before lunch. Adverse U.S. reaction to Philips and Drew's economic forecast, suggesting that a further depreciation is likely, prompted fresh selling of the pound in New York, and it touched $1.8260-$1.8270, a fall of 2 cents from the morning's best levels. At the close in London sterling was $1.8280-$1.8290, a drop of 1.20 cents on the day.

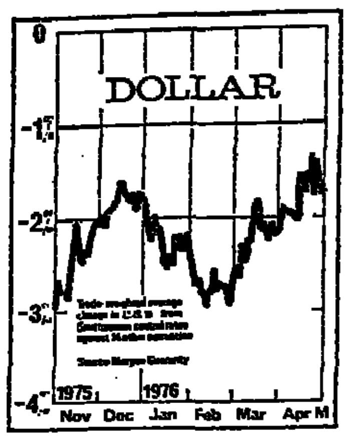
The pound's trade-weighted depreciation, since December 1971, as calculated by the Bank of England, widened to 37.5 per cent. from 36.9 per cent., and stood at 36.8 per cent. at noon and in the morning.

It was also reported that an oil exporting country made further moves out of sterling and into the stronger European currencies, following the monthly oil royalty payments. The pressure on the pound however was not hevy enough to require intervention from the authorities on a large scale.

The Swiss franc remained very firm and it is possible that the Swiss National Bank purchased dollars to prevnt too fast an upward movement. The Swiss unit finished at Sw.Frs.2.5015 against the dollar, compared with Sw.Frs.2.5160 on Friday.

The dollar's depreciation, as calculated by Morgan Guaranty of New York, narrowed to 1.75 per cent. from 1.80 per cent.

Gold closed unchanged at $128-$129. The krugerrand's premium over its gold content narrowed to 2.53 per cent. for domestic delivery, but was unchanged at 3.11 per cent. in the international market.



SPECIAL DRAWING RIGHT RATES

One SDR is... equal to	April 30	April 29
Sterling	0.624024	0.635647
U.S. dollar	1.15070	1.15094
Belgian franc	44.6702	44.6522
Deutsche mark	2.91818	2.91360
French franc	5.36341	5.35619
Italian lira	1032.09	1032.48
Japanese yen	344.520	
Dutch guilder	—	3.09065
Swedish krone	5.04755	5.05032
Swiss franc	2.89115	2.88506

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

May 3	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf'rt	—	[illegible]	54.36-42	[illegible]	[illegible]	[illegible]	[illegible]
N. York*	39.43-46		21.44-46	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]
Am'rd'm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

U.S. $ in Montreal. U.S. $ = 97.96-97.99 Canadian cents. Canadian $ in New York. C$=102.09-11 U.S. cents. U.S. $ in Milan 901.50-905.00. Sterling in Milan 1658.00-1661.0. * Rates for April 30.

EURO-CURRENCY INTEREST RATES*

May 3 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German Mark	Swiss Franc
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	8-9	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rate: two-day 7½-7⅞ per cent.; seven-day 7½-7⅞ per cent.; one-month 8½-9 per cent.; three-month 9½-10 per cent.; six-month 9½-10½ per cent.; one-year 10-10½ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-days' notice for guilders and Swiss francs.

GOLD MARKET

	May 3	April 30
Gold Bullion (a fine ounce)		
Close	$128-129	$128-1[illegible]
Opening	$128¾-129¾	[illegible]
Morning fix'g	$128.25 (£69.465)	[illegible] (£69.5[illegible])
Afternoon fix'g	$128.35 (£69.797)	[illegible] (£69.6[illegible])
Gold Coins domestically		
Krugerrand	$130¾-132¾ (£71½-72½)	[illegible]
New Sov'r'gns	$45½-47½ (£25-26)	[illegible]
Old Sov'r'gns	$44¼-46¼ (£24¼-25¼)	[illegible]
Gold Coins internat'ly		
Krugerrand	$131½-133½ (£72-73)	[illegible]
New Sov'r'gns	$46-48 (£25¼-26¼)	[illegible]
Old Sov'r'gns	$41½-43½ (£22½-23½)	[illegible]
$20 Eagles	$215½-218½	$216[illegible]
$10 Eagles	$111-114	$112[illegible]
$5 Eagles	$78½-81½	$78-8[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

Indices

NEW YORK—DOW JONES

[illegible]

N.Y. S.E. ALL COMMON

April 30	April 29	April 28	April 27	1976 High	1976 Low
54.11	54.34	54.35	54.25	55.20	57.06

Rises and Falls April 30: Issues Traded—1,935; Up—576; Down—783; Same—576; New Highs—58; New Lows—17

STANDARD AND POORS

[illegible]

Investment premium based on $2.60 per £—121½% (119%).

OVERSEAS SHARE INFORMATION

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ♦

May 3	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	96.4	—2.6	—	—
Allianz Versich.	412		17	2.2
B.M.W.	245	—1	14	3.0
BASF	159	+3	14	4.3
Bayer	157.4	—2.9	17	5.7
Bayer Hypo	278	—1	20	3.6
Bayer Vereinsbk.	282	—1	20	2.9
Commerzbank	197	—0.2	18	4.5
Conti. Gummi	97.2	—0.2	—	—
Daimler	344.5	+4.5	15	2.2
Degussa	246m	+1.5	15	3.7
Demag	176	—3	—	—
Deutsche Bank	303.9xr	+1.4	20	3.4
Dresdner Bank	224	+0.5	20	4.5
Dyckerhoff Zem't	165	—1	10	3.0
Gutehoffnung	182	+1	14	3.7
Hapag Lloyd	124.5		12	4.9
Harpener Dm100	162	—2	8	4.9
Hoechst	158.5	+2.5	14	4.2
Hoesch	62.7	+0.6	10	7.9
Kali Salz (Dm50)	117	—0.5	5	—
Karstadt	409		20	2.5
Kaufhof	254	—1	20	3.9
Kloeckner (Dm100)	125.5	+0.5	—	—
Klock Humboldt	163		6	1.9
Krupp Pri Dm100	137	—4	—	—
Kumblenkredit Bk	279	—3	18	3.2
Linde	197	+2	16	4.0
Lowenbrau DM100	1,770		20	1.1
Lufthansa	96	—0.1	4	2.2
M.A.N.	160.5	—5	12	3.8
M'esmann Dm100	356	+0.8	14	4.0
Metallgesellschaft	252	—7	10	4.0
Munch. Ruckvers	445	—5	18	2.2
Neckermann	94.2	—0.3	—	—
Preussag Dm100	154	+1	7	4.5
Rhein West Elect.	152.5	+2	17	5.3
Schering	338	+1	20	3.2
Siemens	284.2	—0.8	16	2.4
Sudzucker	260		19	3.6
Thyssen	125 al		14	5.4
Verein & West Bk	317	—1	20	2.9

PARIS

May 3	Price Frs.	+ or —	Div. Frs.	Yld. %
Air Liquide	373.5	—5.4	16.5	4.4
Aquitaine	342	—3	22.5	6.4
Beghin	90.2	—1.8	11.05	11.2
B.S.N. Gervais	635	—4	37.8	6.0
Carrefour	1,980	—56	57	2.8
Chargeurs Reunis	188	—1	15	8.2
Citroen	55	—3	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

[illegible]

MILAN

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ♦

[illegible]

COPENHAGEN

[illegible]

VIENNA

[illegible]

AUSTRALIA

[illegible]

TOKYO

[illegible]

STOCKHOLM

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

SPAIN ♥

[illegible]

NOTES: [illegible]

FARMING AND RAW MATERIALS

Big demand likely at wool sales

SYDNEY, May 3.

TOTAL WORLD demand for wool should exceed supply in Australia's May-June sales, and a critical factor in the level of prices will be the policy the Australian Wool Corporation (AWC) adopts in the market, the National Council of Wool Selling Brokers of Australia said here.

To prevent prices rising too steeply, the AWC will have to supplement auction supplies from its Australian stockpile. Its ability to do this depends on what wool it has available—and its buying pattern suggests that it has very little of the coarser wools currently in strong demand, the council added.

A significant recovery in world wool demand was in progress before the closure of the Australian market in March by the industrial dispute the Council said.

International wool study group figures show that world wool consumption in 1975 rose about [illegible] per cent. from 1974. Consumption of other materials within the world wool textile industry, mainly synthetics, was down 13 per cent., suggesting that part of wool's improved position was achieved at the expense of synthetics.

The May-June sales should show to what extent improved demand for Australian wool has been diverted, as a result of the market shutdown to other sources or to synthetics. They should also indicate the rate of recovery in wool consumption.

Reuter

New contract for minor metals trading

THE Minor Metals Traders' Association has introduced a new standard contract for all transactions done on an "in warehouse" basis which its members can now use.

The contract, based on the uniform law for the international sale of goods, covers cadmium, bismuth, antimony, selenium, mercury magnesium and nickel.

The conditions aim to give a uniform basis for the most usual type of transaction in these commodities, the Association said.

Bank proposals soon—Minister

THE GOVERNMENT'S proposals for a new system of banking supervision will be published "shortly." Mr. Denzil Davies, Treasury Minister of State, stated in a written reply in the Commons yesterday.

Cocoa and coffee prices rally as sterling falls

BY RICHARD MOONEY

COCOA AND coffee prices on the London terminal markets rallied in late trading yesterday after continuing last week's decline in the morning.

Cocoa futures registered a £20 permissible limit fall shortly after the opening and the July quotation fell to £970 a tonne at one stage. But reports of sizeable physical purchases by Russian, coupled with signs of other manufacturer offtake and the downturn in sterling, turned the market round sharply and by the close July cocoa had climbed to £1,006.5 a tonne, £10 above the pre-weekend level. The sharpness of the rally led some dealers to suspect that the earlier fall may have been overdone.

The recovery in coffee, which traders attributed almost entirely to the renewed weakness of the pond, was not enough to wipe out the earlier fall, although nearby prices closed some £20 above the day's lows. The July futures position closed £16.5 lower on balance at £1,306 a tonne. Dealers noted that trading on the physical coffee market remained quiet.

Initially, the decline was thought to have been encouraged by a report from Rio de Janeiro of a possible fall in Brazilian domestic coffee consumption. Brazilian Coffee Roasting and Grinding Industry Association sources said 1976 home consumption could fall to around 4.6m. bags (60 kilos each) from 6.7m. last year because of high retail prices.

Cold water

Sue Branford writes from Sao Paulo: In a revealing interview with the Sao Paulo business newspaper A Gazeta Mercantil, Sr. Camilo Calazans, head of the Brazilian Coffee Institute (IBC), threw cold water on the more spectacular versions of the IBC's coffee-buying operation in Angola.

He said that he had been surprised how little coffee the Angolans had been able to offer, and went on: "The amount continues to be a trade secret, but it does not represent even 10 per cent. of what we wanted to obtain."

It had been widely assumed that the IBC were after between 500,000 and 800,000 bags of Angolan Robustas. All that is known here about the deal, which was negotiated on the Brazilian side by the Interbras State Trading Company, is that the Angolans will be receiving 200 buses and 5,000 tonnes of rice in exchange. As regards the use the IBC will put the coffee to, Sr. Calazans stated that no decision had yet been reached.

The IBC president went on to criticise the way in which Brazilian roasters had pushed up the price of ground coffee on the domestic market. "The methods they use," he said "would put them in jail in the U.S."

The new retail price of coffee is equivalent to £2.40 a kilo, a rise of 220 per cent. in only 10 months, and almost puts it on par with what consumers are paying in the U.S. and Europe. Coffee in Brazil is rapidly becoming a luxury drink.

Soviets may buy more U.S. grain

BY OUR COMMODITIES STAFF

CHICAGO GRAIN prices opened firmer yesterday despite the pre-week-end forecast of a record world supply of wheat and feed-grains this year made by the U.S. Department of Agriculture.

Reports of overnight frost in Kansas contributed to the steadier tone of the market which was also affected by the forecast by Mr. Earl Butz, the U.S. Agriculture Secretary in Washington that the Soviet Union was likely to make further purchases of both current and new season U.S. grains.

In view of America's supply prospects, he said, he was in favour of the Soviet purchases from the current season's supply, going beyond the 7m. tonnes limit imposed by the U.S. when the moratorium on sales to the USSR was lifted last October, Reuter reported.

Last week the USSR re-entered the market and boosted its total U.S. wheat and maize purchases since last October to 6.2m. tonnes. If the Soviet Union wants more 1975-crop supplies, this leaves only about 800,000 tonnes to be bought before it has to hold consultations with the U.S. Government on further supplies.

Mr. Butz said that, as chairman of the new agriculture policy committee formed earlier this year, he anticipates trouble from other committe members about a favourable response if the Soviet Union asks to buy more U.S. wheat and maize from the current season's supplies.

Before the three-month sales embargo imposed last July, the USSR bought about 10m. tonnes of U.S. wheat and maize from current season's supplies. Its purchases last week boosted the total bought so far to 16.2m. tonnes.

Also last week the USSR bought a total of 1,875,000 tonnes of wheat and maize from the approaching 1976 crop for shipment after October 1. Those purchases will be counted against the first-year purchase commitment of the five-year-supply agreement signed last October.

In its initial forecast of supply and demand prospects for the approaching 1976-77 grain season, the USDA forecasts that global production fo wheat and feed-grains, plus stocks left over from this season, could boost total supplies available to around 1.17bn. tonnes.

This would be roughly 100m. tonnes more than were available during this season and about 36m. more than the previous record supply of 1.14bn. tonnes in 1973-74.

The Department forecasts 1976 world production of wheat and feed grains at 1.078bn. tonnes compared with 1975 output of 982.1m. tonnes.

It attributed the increase in grain output this year to a surprisingly large rise expected in the area sown. Reports to date indicate the area planted to grains globally will be raised by 4m-5m. hectares. It said that this increase alone would be enough to boost production by about 8m. tonnes.

The USDA estimated that, with the substantially improved supply, global usage of grain in the new 1976-77 season could be expected to rise by around 5 per cent. from the depressed levels of the past two years.

It expects about half that increase to occur in the Soviet Union where usage should rebound sharply from the severely squeezed level of the current season when Soviet grain crops suffered a dramatic shortfall.

During the 1976-77 season the USDA foresees large increases in the amount of feed-grains used in the U.S. and especially in the USSR where lack of supplies this season is believed to have caused at least a 20 per cent. temporary cutback in the amount of grain fed to livestock.

Recovery in metal markets

By John Edwards

LONDON METAL Exchange prices were generally lower yesterday following the firmer tone in sterling initially, but strengthened later when there was a sharp downturn in the pound's value.

An unexpected fall in warehouse stocks of copper, down by 1,050 tonnes to 536,475 tonnes, when a small increase had been anticipated, helped steady the market too. As a result copper cash wirebars, which fell to £827 a tonne at the morning settlement, recovered to £835.5 a tonne by the close, only £4.25 below Friday's closing level.

Bolivia's decision to sign the new International Tin Agreement after all initially depressed tin prices. But the market rallied in later trading helped by the weakness in sterling in the afternoon. It was felt that Bolivia's change of mind may have been prompted by promises of support from other producers to press for a rise in the Agreement's price range. A rise of 1,250 tonnes in tin stocks to a total of 6,905 tonnes had little impact since it was in line with expectations.

Also anticipated was a rise of 1,725 to 55,950 tonnes in zinc stocks, and a fall in lead stocks of 175 to 83,475 tonnes. LME silver holdings increased by 30,000 to 15,780,000 ounces.

Tanzanian sisal shipments held up by rain

DAR-ES-SALAAM, May 3.

HEAVY RAINS in Northern Tanzania have held up shipments of about 5,000 tonnes of sisal, a Tanzanian Sisal Authority official has said.

Earlier this month part of the northern railway line between Same and Lembeni was washed away by heavy rains and took nearly a week to repair. This held up shipments and rain is also affecting transport of sisal direct from estates.

Pangani, in the sisal growing area, recorded rainfall of 99 millimetres in four days over Easter.

Officials said the 5,000 tonnes represent about 50 per cent. of normal maximum monthly shipments through the ports of Tanga, Dar-es-Salaam and Mtwara.

They said there are also problems with a new ferry across the Pangani river near Tanga which are delaying shipment of sisal from estates south of the river.

SOFTWOOD IMPORTS

Russians compromise on shrinking pound

BY A CORRESPONDENT

THE FALL in the value of sterling has already added about £15m. to the price of softwood which U.K. importers have on contract from the Soviet Union and since the first cargoes are only now loading at Russian ports, consumers in this country will have to look forward to more price rises.

The erosion in the value of sterling this year combined with the determination of exporters in all supplying countries to raise their prices, has meant that the U.K. importing trade has been faced with sharply rising prices which in some cases have already reached 50 per cent. above the 1974-75 level.

Although importers have been making determined efforts to secure comparable rises in their sales to merchants and consumers, this is inevitably cushioned by the now dwindling stocks of lower-priced wood already in the country. There can now be very little of this cheaper wood left to go into consumption and the rise in the Russian price will undoubtedly signal a renewed effort by the timber trade to convince its customers that they will have to pay more. A falling pound may be good for exports but this is the other side of the coin.

Small print

Exportles, the Russian State selling organisation for forest products, has so far produced two full schedules of softwood offers to the U.K. this year and on present reckoning looks as if it will supply about 25 per cent. of total U.K. imports. The first schedule was issued in January and the second at higher prices in March, but since the total amount of wood involved was large (about 1.5m. cubic metres) the prices of the two schedules were averaged to simplify the documentation and bookkeeping.

Tucked away in the small print was a customary currency clause which gave Exportles the right to re-negotiate "prices" if sterling dropped to US$1.85. Since the pound was standing at the time at $2.02 no one looked at the clause too closely. But on April 2 the point was reached and after some days of uncertainty, the Russians gave notice to the trade that they would activate the clause. Had the pound managed to hold out for another three months, shipment arrangements would in all probability have then been too far advanced for change. As it was, April 2 gave enough time for prices to be re-negotiated.

All at once everyone looked closely at the clause and, probably for the first time, there began an interpretation on whether it was a commercial clause or a strict currency clause, in other words could the price be adjusted or only the currency element. Against a background of considerably higher prices being obtained by suppliers in Scandinavia and Canada, the Russians were adamant that the prices must go up: as keen traders, the importers obviously wanted to limit any increase. The expert interpretation of the clause was that whatever the intention, it was a commercial clause.

The result has been a good compromise, reached last week, which must be to the liking of importers since it is believed that all buyers have renegotiated their contracts. The actual Russian price base is slightly confused since there has been a sort of third semi-schedule this year which covered about 200,000 cubic metres of wood from 1975 contracts which over-wintered in Russia and the prices negotiated for this wood have not been published but can be estimated.

Leaving this out of the picture, the price increase averaged over the four main grades is 17 per cent, and this price level will hold at sterling levels down to $1.70. To complete the perspective: $2.02 to $1.70 is a range of 15.8 per cent. on the currency side and within the average of 17 per cent. over the four grades the smallest rise for any grade is 14.8 per cent. and the largest 19.6 per cent.

Poland, the other East European bulk seller, has arrived at a different solution. The currency factor on Polish contracts will be based on the level of sterling at the date of individual bills of lading. This is only a practical solution when the quantities are relatively small. Its disadvantage is that the importer does not know the price of his wood until it is on the way, but the hardwood and plywood sections of the timber trade have lived with this uncertainty for years.

Joinery wood

Looking at the softwood market in the round, importers are now covered for the first half of this year and no one at present is looking very far forward. If the Swedish Government ends its support for its sawmillers' stocks at the end of June—and this is thought likely—there are some in the U.K. trade who believe that some exporters in South Sweden might modify their price demands in early autumn. But any easing of prices is likely to be confined to the cheaper grades of softwood: joinery wood is likely to remain firm. On the other side of the Atlantic, the U.S. market is certainly not running away and the Western Canadian shippers have wood available.

On the re-selling side demand is patchy and there is still intense competition in some areas. On the face of it, the March housing figures were encouraging with private housing starts at 15,500 the highest for two years. But the trade also took note of the Nationwide Building Society survey which pointed to an overall surplus of housing with only local shortages.

New house building may not be the growth market it was once thought to be but the recent emphasis on refurbishing old property instead of wholesale demolition is much to the trade's liking

Malaysian palm oil growth predicted

KUALA LUMPUR, May 3.

MALAYSIA'S PALM OIL production by 1980 will reach 2.04m. tonnes, or nearly half the world's production, according to the Malaysian Palm Oil Producers' Association, reports Reuter.

The latest technical bulletin of the Association said by then about [illegible] hectares will be under palm oil cultivation, compared with the 645,200 hectares which produced 1.25m. tonnes last year.

But a U.S. Department of Agriculture field report from Kuala Lumpur, released in Washington, puts Malaysian production in 1980 even higher at 2.63m. long tons.

The USDA report said a dry spell in January-March this year had fostered much discussion among experts about its effects on production

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Base metal values moved erratically on the London Metal Exchange, in line with the fluctuations in sterling, which closed lower on balance after initially gaining ground. Forward Copper closed modestly easier after trading down to £842 in pre-market dealings following the initial firmness of sterling which prompted profit-taking, stop-loss selling and stale bull liquidation. In the afternoon however, values found fresh buying support at the lower levels following the modest fall in warehouse stocks and the subsequent decline of sterling with forward metal ending at £833 on the afternoon kerb. Turnover 20,300 tonnes.

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £851, 50, 49, 47, 46, 49, 50, 48.5, 48, 47.5, 47, 46, 45, 50, 51, 52, 54, 53.5, 53, 53.5, 54. Cathodes, cash £820, three months £846, 46.5. Kerb: Bars, three months £855, 56, 55, 54, 53, 54. Afternoon: Wirebars, cash £829, three months £853, 54, 55, 56, 60, 59.5, 60, 61, 60, 60.5, 61, 62, 64, 63, 62. Kerb: Bars, three months £863, 64, 65, 64.5, 64, 63, 62, 61, 60, 59, 58.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	826-7	—9.5	835-6	—4.25
3 months	855-4	—10	862-3	—6
Settlement	827	—9.5	—	......
Cathodes				
Cash	819.5-20.5	—8.25	829-31	—3
3 months	846-7	—9.25	855-7	—5.5
Settlement	820.5	—8		......
U.S. Smt.	—	......	*70	......

TIN—Modestly easier. Prices opened lower reflecting the early fall in copper and the news that Bolivia had decided to sign the fifth International Tin Agreement coupled with the initial strength of sterling. Forward standard metal fell to £3,975 at one point but offerings were generally well absorbed despite further sales of nearby high grade material believed to have been on behalf of the buffer stock manager. In the afternoon, however, forward metal recovered to close marginally easier at £4,005 on the kerb following trade interest and physical demand. The rise in warehouse stocks which had been anticipated by the market had little effect on prices. Turnover 985 tonnes.

COCOA

COFFEE

RUBBER

SILVER

FREIGHTS

MEAT/VEGETABLES

SMITHFIELD (prices in pence per lb)—Beef: Scottish killed sides 40.0 to 43.0, English hindquarters 50.0 to 53.0, forequarters 30.0 to 32.0, Ulster hindquarters 50.0 to 52.0, forequarters 30.0 to 32.0, Eire hindquarters 50.0 to 53.0, forequarters 30.0 to 32.0.

SOYABEAN MEAL

SUGAR

WOOL FUTURES

GRAINS

JUTE

PRICE CHANGES

Prices per ton unless otherwise stated.

	May 3 1976	+ or —	Month ago
Metals			
Aluminium	£456	......	£420
Free Market	£460-470	......	£410-420

CONTRACTS AND TENDERS

SUPPLY AND INSTALLATION OF AUTOMATIC TELEPHONE EXCHANGES

Tenders are invited from well experienced firms for the supply and installation of automatic telephone exchanges.

ART GALLERIES

ANDRE DERAIN—Sculptures in bronze—Victor Waddington, 25, Cork St., London, W.1. Daily 10-1, 2.15-5.30. Sats. 10-1. Until 22 May.

COLNAGHI'S, 14, Old Bond St., W.1. 01-491 7408. PERSIAN AND MUGHAL ART until 20 May. Mon.-Fri. 9.30-5.00. Sats. 10-1.

CINEMAS—(Cont.)

CLUBS

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. estimate of cotton crop area 'too low'

MEMPHIS, May 3.

THE U.S. Department of Agriculture's April 1 survey on planting intentions for cotton of 11.25m. acres was underestimated by at least 500,000 acres, trade and industry experts said here.

The experts, at the 52nd annual convention of the American Cotton Shippers Association, said they believe farmers could plant as much as 12m. acres with a possible outturn of 10m. bales, up slightly from 9.5m. acres planted last year when production reached 8.3m. bales.

However, this assumes favourable weather and the average yield of the past two years, they said.

Reuter

FALL IN SILVER USE FORECAST

NEW YORK, May 3.

The printing industry will drastically reduce the use of silver in photographic reproduction by 1981, Mr. Phillip Wingate, vice-president and general manager of the photo products department at the E. I. du Pont de Nemours company said.

He told a meeting of the Printing Industries of America, the reduction in the use of silver-sensitised films for printing will result from the growth of electronic devices and photopolymer films. New technologies will not eliminate silver from all graphic arts films, but will reduce its use by 50 to 60 per cent. in the next six years, he forecast.

Reuter

H.K. EXCHANGE PLAN DELAYED

HONG KONG, May 3.

LEGISLATION governing the planned Hong Kong Commodity Exchange has been delayed and is now expected to be considered by the executive council in early June and by the legislative council in late June and July, official exchange sources said.

The chief executive of the consortium organising the exchange, Mr. John Wilson, was reluctant to forecast the likely opening date but said he hoped it would be in September.

Reuter

COTTON—Liverpool. Spot and shipment sales amounted to 1,137 tonnes, the large quantity involved reflecting the firmness of prices, reports F. W. Tattersall. Miscellaneous purchases in Middle Eastern and South American growths accounted for most of the turnover.

STOCK EXCHANGE REPORT

Fresh setback in sterling erases early gains

Index up 1.1 at 419.2, after 423.5—BHS advance

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr. 20	Apr. 29	Apr. 30	May 11
May 3	May 13	May 14	May 25
May 17	May 27	May 28	Jun. 9

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The setback in sterling on news of the South Wales Miners' intention to press a wage claim for £100 a week for surface workers unsettled stock markets yesterday. Earlier rises in short-dated Gilt-edged stocks were replaced by falls extending to ⅜, while the latter maturities closed without alteration after showing initial rises of ½. The Government Securities index shaded 0.04 to 62.12.

It was a similar story in the equity leaders. Up 5.4 at its best of the day at 11 a.m., the FT 30-share index reacted to close only 1.1 higher on balance at 419.2. Encouraged in the early trading by expectations that the Trades Union Congress would approve another year of voluntary wage restraint some small buyers were seen. However, the activity soon faded and prices drifted with the trend going to still lower levels in the very late trading. The volume of business remained small for the start of a new Account: official markings of 5,734 compared with 5,208 last Friday and 4,958 a week ago.

In contrast to the leaders, there were still some useful gains in secondary issues, this being reflected in a 3—1 majority of rises over falls in FT-quoted Industrials and a rise of 1.3 per cent. to 171.66 in the FT-Actuaries All-Share index. Fresh 1976 peaks were attained by the FT-A. Industrial Group, 165.38 and the 500-Share, 183.00.

Gilts uneasy late

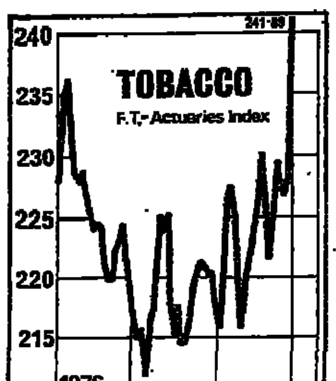
The volatility of sterling in foreign exchange markets again found reflection in Gilt-edged which, after looking set for a continuation of the recent upturn, closed decidedly uneasy. Short-dated issues bore the brunt of the subsequent reaction in a thin market which left quotations lower by a maximum of ⅜, after earlier gains to ¼: the "tap," Treasury 9¾ per cent., 1981, was an exceptional ¼ higher at one junction before a close of 94⅛, down marginally on the day. Some high-coupon longs had risen ½ but reverted to Friday's closing levels. Other background factors, such as further evidence of encouraging U.K. economic trends, were outweighed by the renewed pressure on sterling.

The investment currency premium regained an early fall of two points following sterling's later reaction, and subsequently rose to 122½ per cent. before closing a net 2¾ higher at 121¾ per cent. Yesterday's SE conversion factor was 0.6409 (0.6428).

Banks below best

Business picked up in Home Banks, which took a turn for the better although closing levels were below the day's best. **Barclays**, 300p, and **Lloyds**, 240p, closed with rises of around 11, while **Midland** finished 5 up at 290p, and **National Westminster** 4 firmer at 242p, after 245p. **Bank of Scotland**, 278p, and **Bank of Ireland**, 335p, secured gains of 5 apiece, the latter ahead of the annual results, due to-morrow. An uneventful day in Overseas issues left **Commercial of Australia** 5 cheaper at 280p, but saw a fresh gain of 5 at 423p in **Standard and Chartered**. Among quiet Merchant Banks, **Guinness Peat** put on 5 to 196p in response to small buying, but **Brown Shipley** shed 5 to 130p.

Business remained thin in Insurances where early gains were also trimmed. **Guardian Royal Exchange**, 208p, after 210p, and **Pearl**, 222p, and **"Royals,"** 324p, after 326p, all closed with net gains of 4. Small support lifted **C. E. Heath** 11 to 376p in firm Lloyds brokers, while **Matthews Holdings** rose 6 to 216p.



Small improvements in the Brewery sector included **Guinness**, 3 to the good at 127p and **Scottish and Newcastle**, 2 dearer at 60p. Elsewhere, **Teacher (Distillers)** featured with a fresh rise of 12 to 247p on demand in a restricted market. In common with the other leaders, **Distillers** closed below the best with a gain of 1½ to 155p, after 156½p.

Taylor Woodrow attracted buyers in Buildings, the Ordinary closing 8 higher at 288p and the new nil-paid shares finishing 3 to the good at 50p premium. Speculation on a counterbid took **Clark and Fenn** up 5 to 64p, while **Newarthill**, 62p xd, and **A.P. Cement**, 191p, put on 4 apiece. **International Paint** improved 15 to 280p in a thin market. **Marchwiel** rose 5 to 114p, while Timbers had **International** 3 up at 92p and **Magnet and Southerns** 4 higher at 174p.

ICI typified market conditions, closing a penny better at 404p, after 407p. Among the smaller-priced issues, **Burrell** hardened a penny to 11½p xd and **Crystalate** moved up 1½ to 12½p.

Press comment directed attention to Television issues. **Associated "A"** featured with a rise of 5 to 73p, while **Westward**, ahead of to-day's interim figures, moved up 2 to 21p.

British Home Active

British Home featured Stores, closing 7 better at 370p, after 377p, following the preliminary figures. **Thomas Marshall Investments** were marked up 13 to 86p on news that the company was involved in bid discussions with **William Baird** (a penny easier at 99p). Further consideration of the results put **Hepworth "B"** 3 higher at 40p, while Press comment helped **F. W. Woolworth** to rise 2 to 66p. **Burton "A,"** however, closed a penny cheaper at 36p ahead of to-morrow's interim report. **Mothercare**, with results to-day, moved up 4 to 200p. **Blackman and Conrad** were effectively quoted unaltered at 41p following the capital changes.

After a firm start, Electrical leaders slipped back to finish with mixed changes on balance. **GEC** lost an early rise of 3 to close unaltered at 162p, while **EMI**, after last week's advance of 23 on the Capitol subsidiary's good third-quarter figures, sustained a reaction of 3 at 262p. **BICC** closed 3½ down at 122 ex dividend, but **Thorn Electrical** were still 4 firmer at 266p, after 268p. Secondary issues showed a firm inclination. **Highland Electronics** put on a penny to 12p in response to higher first-half profits, while **Newman Industries**, awaiting to-day's preliminary results, hardened similarly to 32p. **Laurence Scott** improved 4 to 55p and **Ever Ready** 3 to 136p, while **Westinghouse Brake** put on 2 to 33½p.

A generally firm Engineering sector again featured **Hawker**, which rose to 482p before finishing a net 6 higher at 480p. **GKN** gained 3 to 346p. **E. E. Jeavons** moved up 6 to 48p, and late yesterday **Pentos** announced it was trying to initiate talks regarding a cash offer. **APV** jumped 10 to 280p, while **Ransomes Sims**, 148p, and **William Bate**, 65p, both gained 5. **Glynwed** were quoted ex "rights" and the new nil-paid shares were active at 26p premium, after 27p premium; the old shares rose 3 to 109½p. **B. Elliott** new were also firmer at 19½p premium. Elsewhere, demand in restricted market raised **Turriff** 6 to 74p and **Johnson and Firth Brown** revived with a rise of 3 to 69p. Shipbuildings, too, improved.

Foods made modest headway. **J. Sainsbury** improved 5 to 119p ahead of to-morrow's preliminary statement, while **Tate and Lyle**, 200p, and **Cavenham**, 135p, hardened 2 apiece. **Cadbury Schweppes** were active and a fraction firmer at 55p. Following Press comment, **P. Panto** moved up 3 to 27p and **J. E. Sanger** 5 to 70p. **Tesco** hardened 1½ to 40½p in Supermarkets, while Biscuit manufacturers had **Associated** 3 up at 85p and **United** 4 higher at 120p.

CCH Investments were prominent in Hotels and Caterers, rising 6 to a 1976 peak of 30p in a thin market. **Trust Houses Forte**, however, closed 2½ off at 97p xd, after 105p xd, following the chairman's statement at the annual meeting.

AD Intl. higher

After initial activity, when prices gained a little more ground, the miscellaneous Industrial leaders generally drifted back in idle trading to finish little changed on balance, but **Metal Box**, 287p, and **Pilkington**, 340p, after 349p, closed with rises of 5 apiece. Elsewhere, fresh speculative interest on hopes of a new **Dentsply International** bid approach, **A.D. International** improved 4 more to 106p. Favourable Press comment prompted a rise of 5 to 117p in **Sale Tilney** and also stimulated interest in **National Carbonising** 11½ per cent. Loan, 1974-79, which moved ahead 9 points to £78. **Davies and Newman** gained 4 at 96p on consideration of the increased profits, while **Whatman Reeve Angel**, still on the profits advance, moved up 6 further to 92p xd. **Gross Cash Registers**, ahead of results due May 14, appreciated 4 to 35p, and **Feedex**, with preliminary figures expected to-day, put on 3 more to 40p. **Robert McBride**, 174p, and **Prestige Group**, 153p, were noteworthy for rises of about 8 apiece. The chairman's statement at the annual meeting left **Dufay Bitumastic** 1½ firmer at 40p, but **James Warren** followed the full report with a reaction of 3 to 35p. **Transport Development** were quoted ex the scrip issue at 58p.

Among Motors and Distributors, **Lucas** moved up to 229p in response to Press comment before closing unchanged on the day at 225p. **Clayton Dewandre** finished 2½ harder at 79p following the full report. In Garages, **Tate of Leeds** came back 4 to 18p on small selling in a thin market.

Revived North Sea speculation aroused by the latest Texaco find raised **Thomson** 5 to 237p, but there was little else of note in Newspapers; **News International** gained 3 more to 170 xd. Paper/Printings featured demand in a narrow market for **John Waddington**, which rose 8 to 104p, while **DRG** hardened 2 to 125p. Elsewhere, **Saatchi Compton** were popular again at 69p, up 3.

Oil leaders down

Oils were no exception to the rule and the leaders made new peaks before easing late. **British Petroleum**, for example, rose to 665p before ending a net 7 down at 635p, and **Shell** moved up to 444p prior to close 6 lower on the day at 434p. Second issues moved narrowly, although Press mention lifted **Burmah's** 7½ per cent. Loan, 1981-86, 3 points to £57. Domestic market influences coupled with the fresh rise in the dollar premium contributed to strength in both **Ranger**, 1½ higher at £13¾, and **Pan Ocean**, which gained 1½ to £14. **Siebens (U.K.)** advanced 10 to 185p, but **Associated Australian Resources** fell 5 to 100p.

Business in the Property leaders was rather slack and prices were inclined to lose minor early gains. **MEPC** finished a penny better at 69p, after 71p, while **Land Securities** ended a penny easier at 162p, after 165p. Elsewhere, **Rush and Tompkins** improved 3 to 48p in anticipation of Friday's annual results, while **Brixton Estates**, ahead of Thursday's preliminary announcement firmed a penny to 80½p. **Estates and Agency** put on 2 to 44p, benefiting from the profits improvement. **Town and Commercial**, unchanged last Friday at 4½p on the company's request to creditors for a partial interest payment moratorium to stave off liquidation, managed to harden to 5p. **Berkeley Hambro** added 5 at 120p and **Peachey** 1½ at 29p. Dealings in **London Bridge Securities**, 5p, were temporarily suspended from 9.30 a.m. at the request of the company, which has been unable to obtain further financial assistance from its bankers.

Overseas Traders were inclined to edge forward, with **Inchcape** showing a rise of 7 at 432p and **Paterson Zochonis** one of 5 at 205p.

Trusts and Financials closed with a fairly liberal sprinkling of small gains. **Dalgety** hardened 3 more to 297p, while **Investment Trust Corporation**, 171p, and **Scottish Western "B,"** 72½p, put on 4 apiece. Capital issues to improve included **M. and G. Dual Second Income**, 1½ harder at 13½p, and **SPLIT**, 2½ firmer at 32½p.

Apart from **Manchester Liners**, which closed 15 cheaper at 265p in response to sharply reduced earnings, Shippings were idle and little changed. **P. & O. Deferred** finished a penny better at 90p ahead of to-morrow's results.

Results well in excess of market expectations stimulated **Tootal**, up 4 at 40½p, after 41½p, while **Carrington Viyella** returned to favour and rose 3 to 33½p. Marginal gains also appeared against other Textiles, but **Courtaulds** failed to hold early firmness and closed unchanged at 155p, after 158p.

Tobaccos figured prominently in the day's list of active stocks, still reflecting the proposed merger between **Bats** and **Tobacco Securities Trust**. The former advanced to 410p before a close of 10 higher on balance at 405p, while **TST Ordinary** gained 7 to 307p, after 312p; the latter's Deferred reacted ½ to £12½. **Imps**, which is to receive £14.5m. from the deal through cancellation of its holding in TST, began well and touched 83p before later reverting to Friday's closing level of 80p.

Gold Fields Properties continued firmly in South Africans, rising another 10 to 70p.

Golds edge forward

The continuing strength of the investment dollar premium was reflected in the gains registered by South African Gold shares which eased higher [illegible] trading, despite the initial [illegible] in the bullion price w[illegible] finally unchanged at $1[illegible] ounce.

Most of the interest wa[illegible] on the marginal produc[illegible] moved ahead owing to Continental buying. Fr[illegible] Stuiplaats rose 5 to 16[illegible] 175p, while East Daggafo[illegible] Wit. Nigel both put on [illegible] spective 1976 highs of 35[illegible] The Gold Mines index [illegible] to 180.7

South African-based [illegible] mirrored Golds and the Anglo American (372p) [illegible] Corporation (355p) wer[illegible] higher while "Amgold" £22[illegible]

In the London-based [illegible] Selection Trust were easier at 500p ex the tw[illegible] at 400p "rights" issue; shares opened at 90p before closing 2 down [illegible] premium. The latter [illegible] shares were little aff[illegible] reports that it had [illegible] reduced its holding in Amax. RTZ rose 2 to 2[illegible]

Coppers were genera[illegible] pence better but Platin[illegible] modestly easier on bal[illegible] being higher on Cape bu[illegible]

Tins were firmer [illegible] changed. Berjuntai rose [illegible] and Southern Kinta ga[illegible] 70p. Australians wer[illegible] with the lower trend in [illegible] home markets being pa[illegible] by the higher premium [illegible] however, moved ahead [illegible] Mining 30 up at 400p [illegible] 8 better at 236p. Hamp[illegible] closed 10 higher at 80p, following demand in [illegible] market. Pacific Copp[illegible] more to 25p.

Elsewhere, Northgate [illegible] to 390p and Westfield added 10 to 142p ow[illegible] Irish demand and the [illegible]

FINANCIAL TIMES STOCK INDICES

	May 3	April 30	April 29	April 28	April 27	A[illegible]
Government Secs.	62.12	62.16	62.14	61.98	61.97	60.8[illegible]
Fixed Interest	61.70	61.75	61.67	60.94	60.56	60.1[illegible]
Industrial Ordinary	419.2	418.1	412.2	410.5	405.9	405.[illegible]
Gold Mines	189.7	187.9	184.5	186.9	192.0	192.[illegible]
Ord. Div. Yield	5.03	5.04	5.10	5.13	5.14	5.[illegible]
Earnings Y'ld % (full)	14.77	14.80	14.99	15.07	15.12	15.[illegible]
P/E Ratio (net)	9.93	9.93	9.81	9.76	9.74	9.[illegible]
Dealings marked	5,734	5,208	5,362	5,540	5,554	4,95[illegible]
Equity turnover £m.	—	70.13	62.50	61.97	60.94	50.0[illegible]
Equity bargains total	—	15,614	14,124	13,[illegible]	13,849	13,70[illegible]

10 a.m. 420.1. 11 a.m. 423.5. Noon 422.6. 1 p.m. 421.9. 2 p.m. 422.2. 3 p.m. 421.[illegible]

Latest Index 01-246 8026.

[illegible] Based on 52 per cent. corporation tax. [illegible]

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21	60.19	127.4	49.1[illegible]
Fixed Int.	64.45	59.75	150.4	50.53
Ind. Ord.	419.6	381.0	543.6	49.4
Gold Mines	246.9	140.1	442.3	43.5

S.E. ACTIVITY

	May [illegible]	[illegible]
Daily		
Gilt Edged	150.7	[illegible]
Industries	205.0	[illegible]
Speculative	34.7	[illegible]
Totals	131.0	[illegible]
5-day Average		
Gilt Edged	184.1	[illegible]
Industries	185.5	[illegible]
Speculative	61.7	[illegible]
Totals	125.9	[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon. May 3, 1976 Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net) Corp. Tax 52%	Est. P/E Ratio (Nil) Corp. Tax 52%	Friday April 30 Index No.	Thurs. April 29 Index No.	Wed. April 28 Index No.	Tuesday April 27 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (179)	160.01	−1.2	14.14	5.50	10.67	10.57	158.04	157.37	156.88	156.48	115.53	160.06	143.65	206.37	50.71
2 Building Materials (30)	146.64	−1.8	12.10	6.19	12.52	12.51	144.05	144.09	144.09	143.35	102.38	150.18	138.49	253.84	44.27
3 Contracting, Construction (23)	225.92	−0.2	15.87	4.68	9.79	9.79	225.56	224.62	224.67	225.64	217.33	260.20	222.65	389.35	71.48
4 Electricals (16)	284.14	−1.5	14.40	4.36	10.25	9.96	279.95	276.82	274.99	275.94	198.31	287.50	260.60	360.04	86.71
5 Engineering (Heavy) (13)	195.18	−0.8	18.76	6.15	8.35	8.35	191.56	190.12	189.38	186.91	139.59	193.18	163.90	202.57	94.45
6 Engineering (General) (63)	149.29	−1.5	14.41	5.85	10.33	10.32	147.35	147.11	146.68	145.90	103.08	149.29	125.48	168.59	45.14
7 Machine and Other Tools (9)	60.62	−2.5	14.03	6.45	12.79	12.79	59.29	59.01	58.91	58.38	43.40	60.62	51.19	136.70	19.96
8 Miscellaneous (25)	140.68	−0.2	13.55	5.97	11.58	11.30	140.44	139.79	139.15	138.73	105.39	140.68	121.53	177.41	49.65
9 CONSUMER GOODS (DURABLE) (53)	139.95	+1.4	14.72	4.64	10.11	10.08	137.97	137.27	137.15	136.96	81.72	141.46	121.87	227.78	38.39
10 Lt. Electronics, Radio TV (15)	157.07	+1.5	12.65	3.43	11.60	11.59	154.68	153.72	153.40	153.31	89.12	160.35	139.18	257.41	42.85
11 Household Goods (13)	181.92	−1.2	18.98	6.30	7.85	7.83	179.74	179.40	182.07	181.64	133.72	187.22	163.38	263.22	63.92
12 Motors and Distributors (25)	85.16	+1.4	16.55	6.04	9.14	9.10	84.02	83.66	83.19	83.04	46.55	85.16	70.05	170.59	19.91
13 CONSUMER GOODS (NON-DURABLE) (168)	158.64	+2.3	13.59	5.66	11.06	10.98	155.13	154.00	153.69	154.08	129.55	162.24	148.09	226.08	61.41
14 Breweries (15)	161.43	−2.3	13.95	6.68	10.75	10.75	157.87	156.31	155.20	156.56	140.60	179.43	150.25	281.87	69.47
15 Wines and Spirits (7)	190.05	+2.6	9.90	5.32	15.33	15.33	185.24	184.09	181.80	181.75	151.93	190.05	173.82	257.40	78.81
16 Entertainment, Catering (14)	190.68	−0.4	12.60	6.92	12.21	12.12	189.95	188.81	187.67	186.14	155.56	211.26	182.25	329.99	54.87
17 Food Manufacturing (22)	178.34	−1.1	14.34	4.84	10.61	10.64	176.39	174.34	174.45	174.50	137.75	178.34	162.69	211.65	69.78
18 Food Retailing (16)	140.66	−2.1	11.73	4.97	12.41	12.41	137.79	137.39	138.63	138.50	129.55	150.05	135.51	235.08	54.25
19 Newspapers, Publishing (16)	176.05	−0.9	12.67	5.86	11.85	11.85	174.53	174.32	173.07	172.02	132.63	184.34	163.47	250.29	55.08
20 Packaging and Paper (12)	111.21	−1.5	19.16	7.05	7.97	7.97	109.54	109.07	108.78	108.24	95.51	112.50	104.18	135.69	43.46
21 Stores (34)	129.62	−1.5	11.47	5.29	13.44	13.42	127.71	126.67	126.71	127.15	120.49	136.24	121.50	204.39	52.63
22 Textiles (23)	174.16	+3.1	12.66	6.36	10.42	9.75	168.91	168.48	165.98	167.08	124.96	185.19	163.16	253.72	62.66
23 Tobaccos (3)	241.89	−6.1	18.02	5.86	8.46	8.46	227.95	226.66	227.42	229.48	172.66	241.89	211.56	339.16	94.34
24 Toys and Games (6)	76.49	−1.3	17.83	4.86	7.81	7.81	75.51	75.63	74.46	73.37	40.65	76.49	59.13	135.72	20.92
OTHER GROUPS (96)															
25 Chemicals (26)	231.38	−1.4	11.20	4.18	12.75	12.75	228.24	226.96	226.51	225.78	154.11	231.38	199.45	231.38	71.20
26 Office Equipment (9)	98.30	−0.2	12.96	5.30	11.75	11.75	98.50	98.39	98.77	98.67	89.40	99.82	85.09	246.08	45.34
27 Shipping (12)	383.68	−0.9	18.50	6.60	6.92	6.65	392.23	384.53	384.71	381.05	346.79	452.64	355.52	517.00	90.80
28 Miscellaneous (49)	172.09	−0.2	13.56	6.21	10.85	10.85	171.80	170.31	170.35	169.68	136.17	172.98	156.79	258.83	60.39
29 INDUSTRIAL GROUP (496)	165.38	−1.6	13.52	5.39	10.98	10.91	162.85	161.81	161.51	161.41	125.57	165.38	152.00	220.17	59.01
30 OILS (4)	377.97	−0.7	11.33	4.35	10.20	9.44	380.78	379.25	375.24	373.14	239.38	380.78	331.54	431.56	87.23
31 500 SHARE INDEX	183.00	−1.2	13.19	5.23	10.85	10.65	180.84	179.75	179.17	178.92	135.26	183.00	167.51	227.95	63.49
32 FINANCIAL GROUP (100)	158.75	−1.9		5.28	—	—	156.14	156.04	155.59	156.89	154.75	155.46	152.75	241.41	55.88
33 Banks (6)	166.21	−2.7	18.41	5.09	8.56	8.56	161.84	163.04	162.59	164.58	146.54	192.16	152.93	288.52	62.44
34 Discount Houses (10)	162.43	−1.0		7.64	—	—	160.86	160.73	158.87	159.35	133.98	186.52	152.20	293.13	81.40
35 Hire Purchase (5)	114.04	−0.7		5.53	—	—	114.90	115.69	114.90	114.88	107.75	132.10	104.50	433.72	38.83
36 Insurance (Life) (9)	120.36	−2.0		5.95	—	—	117.99	117.42	117.31	118.72	111.96	129.46	116.73	194.46	44.88
37 Insurance (Composite) (7)	111.94	2.2		6.27	—	—	109.50	108.88	108.95	110.47	105.95	119.75	105.32	155.76	43.96
38 Insurance (Brokers) (9)	265.51	−2.2	8.44	3.97	17.57	17.57	259.86	259.74	253.87	254.65	180.25	265.51	218.26	265.51	65.86
39 Merchant Banks (17)	81.56	−0.1		6.76	—	—	81.52	81.76	82.06	82.81	86.31	93.83	77.94	278.37	31.21
40 Property (31)	163.44	−0.9	3.21	3.07	55.48	56.34	161.96	160.80	159.83	159.84	216.97	194.57	155.65	357.40	56.01
41 Miscellaneous (6)	81.67	−0.7	16.01	6.88	9.78	9.78	81.14	81.13	80.95	81.46	68.55	91.98	78.10	305.13	33.29
42 Investment Trusts (50)	168.51	+1.7	3.08	4.30	33.99	33.87	165.74	165.34	164.98	164.86	163.91	184.55	155.54	245.79	71.64
43 ALL-SHARE INDEX (650)	171.66	+1.3		5.19	—	—	169.39	168.56	168.02	168.11	135.82	172.64	160.52	228.18	61.92
COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44 Rubbers (9)	516.82	−1.7	11.53	6.55	13.07	12.89	508.53	508.73	500.51	497.69	488.28	516.82	404.67	555.37	84.68
45 Teas (8)	140.44	−0.2	30.00	8.43	4.52	4.37	140.20	139.46	140.44	138.73	88.01	140.44	117.89	140.44	59.72
46 Coppers (3)	250.51	−0.2	39.45	6.86	2.53	2.53	250.01	242.62	242.62	251.01	461.86	501.47	178.95	567.78	94.08
47 Mining Finance (11)	114.89	−0.5	9.09	4.37	12.33	12.24	115.19	114.72	113.88	116.61	126.98	119.77	86.18	175.90	66.31
48 Tins (8)	107.30	−1.1	11.30	8.32	12.89	12.21	108.50	108.32	107.06	106.11	199.66	108.60	86.09	125.43	64.33
49 Overseas Traders (13)	254.47	−0.6	13.16	4.06	9.96	9.95	252.99	250.74	249.78	247.61	222.43	254.47	229.55	252.99	97.57

FIXED INTEREST	Monday, May 3 Index No.	Yield %	Friday April 30	Thurs. April 29	Wed. April 28	Tuesday April 27	Monday April 26	Friday April 23	Thurs. April 22	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1 Consols 2½% yield	—	13.85	13.83	13.83	13.92	14.01	14.21	14.19	13.99	15.58	—	—	—	—
2 20-yr. Govt. Stocks (6)	49.86	‡13.06	49.86	49.85	49.62	49.48	48.61	48.71	49.47	46.65	53.45	47.56	116.42	38.97
3 20-yr. Red. Deb. & Loans (15)	50.00	‡14.60	50.05	50.04	49.38	49.38	49.38	49.43	50.31	45.75	51.46	46.68	115.43	37.01
4 Investment Trust Prefs. (15)	48.44	14.30	48.19	48.27	48.05	47.66	47.26	47.49	47.90	42.12	51.23	46.50	114.41	34.45
5 Coml. and Indl. Prefs. (20)	65.40	14.67	65.65	65.20	65.13	64.93	64.62	65.01	65.65	58.37	71.97	62.76	114.95	47.67

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31 12 74	100.00	Miscellaneous Financial	31 12 70	128.06
Engineering (Heavy)	31 12 71	153.84	Food Manufacturing	29 12 67	114.13
Engineering (General)	31 12 71	153.84	Food Retailing	29 12 67	114.13
Wines and Spirits	16 1 70	144.75	Insurance Brokers	29 12 67	96.67
Toys and Games	16 1 70	135.72	Mining Finance	29 12 67	100.00
Office Equipment	16 1 70	163.74	All Other	10 4 62	100.00
Industrial Group	31 12 70	128.20			

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

* Corrected

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
Glynwed 'New'	Nil/pd.	14	26*	—	26½*	23*
Barclays Bank	£1	13	300	+12	350	272
Shell Transport	25p	13	434	−6	444	378
ICI	£1	12	404	+1	411	334
Imperial Group	25p	12	80	—	88	73
Sel'tion Tst. 'New'	Nil/pd.	12	88*	—	90*	87*
"Bats"	25p	10	405	+10	410	342
Tob. Secs. Trust	25p	10	307	+7	320	190
B'ring (C.T.) 'New'	Nil/pd.	9	17*	+2	17*	8*
Brit. Home Stores	25p	9	370	+7	373	328
BP	£1	9	635	−7	665	575
GKN	£1	9	346	+3	360	266
Aust. & NZ Bkg.	£1	8	433xd	—	480	380
Distillers	50p	8	155	+1½	156½	142
Dunlop	50p	8	96	−2	98	69

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e)

* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Apr. 28	May 10	July 22	Aug. 3
May 11	May 24	Aug. 5	Aug. 17
May 25	Jun. 8	Aug. 19	Sep. 1

"Calls" were dealt in English Property, Trust Houses Forte, Combined English Stores, Sungei Besi, St. Piran, Town and City, Dunlop, Slater Walker, SPR Investments, Lonrho, Beralt Tin, Slough Estates and Cavenham Warrants. No "puts" were reported, while "doubles" were arranged in English Property, Fairbairn Lawson and Dunlop.

Stores		[illegible]	20	Spillers	5	Shell	32
		G.K.N.	22	Tesco	6	Ultramar	50
A. P. Cement	15	Hawker Sidd.	35	Thorn "A"	20		
Assoc. Leisure	5	House of Fraser	8	Tube Invest.	27	Mines	
Barclays Bank	22	I.C.I.	21	Unilever	40	Anglo Amer.	50
Beecham	28	"Imps"	7	Utd. Drapery	10	Charter Cons.	16
Boots Drug	12	I.C.L.	14	Vickers	13	Chart'rh'll Fin.	6
Bowaters	16	Inveresk	7	Williams Hud'n	4	Cons. Gold	16
B.A.T.	30	Legal & General	13	Woolworths	6	De Beers Def.	35
British Leyland	7	Ladbroke	11			F. S. Geduld	350
BOC Intl.	5½	Lloyds Bank	22	Property		Great Boulder	12
Burton 'A'	7	"Lofs"	4	Brit. Land	4½	Hampton Areas	12
Cadburys	6	"Mans"	6	Cap. Counties	5½	Hampton Prop.	4
Courtaulds	11	Marks & Spencer	10	E.P.	8	Inco	100
Debenhams	8	Midland Bank	22	Int. Europ.	7	Lonrho	12
Distillers	15	Nat'l West Bank	20	Land Securities	16	Lornine	56
Dunlop	7½	"Lit" Warrants	8½	MEPC	10	Poseidon	35
Eagle Star	13	P & O Dfd.	11	Peachey	5½	Pres. Steyn	200
E.M.I.	17	Plessey	8	Town & City	5½	Rio T. Zinc	17
Gen. Accident	16	R.H.M.	6	Town & Comm.	4	Welkom	55
Gen. Electric	15	Rank Org. "A"	18			West Areas	40
Glaxo	55	Reed Int'l	25	Oils		Western M'ng.	12
Grand Met	7	Rothmans	4	Brit. Petroleum	40		
G.U.S. "A"	17	Slater Walker	4½	Burmah Oil	7		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (130)

COMMONW'LTH & AFRICAN LOANS (1)
LOANS (MISCELLANEOUS) (2)
AMERICANS (5)
CANADIANS (6)
BEERS (3)
BUILDINGS (4)
CHEMICALS (5)
CINEMAS (2)
DRAPERY AND STORES (2)
ELECTRICALS (7)
ENGINEERING (25)
FOODS (6)
HOTELS (1)
INDUSTRIALS (33)
INSURANCE (7)
MOTORS (2)
NEWSPAPERS (1)
PAPER AND PRINTING (7)
SHIPPING (2)
SOUTH AFRICANS (1)
TEXTILES (2)
TOBACCOS (1)
TRUSTS (10)
OILS (4)
OVERSEAS TRADERS (4)
RUBBERS (3)
MINES (10)

NEW LOWS (11)

FOREIGN BONDS (1)
Greek 7pc Asstd
AMERICANS (1)
Barnes Group
BANKS (1)
Brown Shipley
FOODS (1)
Highgate and Job
INDUSTRIALS (4)
Restmor, Radiant Metal, Downs Surgical Sels, Warren (J.)
PROPERTY (1)
Fraternal Estates
TRUSTS (1)
Hume Hldgs. 'A'
OILS (1)
Rall and Collins

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	20	39
Corpns. Dom. and Foreign Bonds	24	2	38
Industrials	541	161	1,023
Financial and Prop.	251	36	286
Oils	6	6	25
Plantation	8	5	33
Mines	59	21	67
Recent Issues	21	6	36
Totals	910	257	1,547

MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 10½ per cent. (since April 23, 1976)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave assistance by lending a moderate amount overnight to three or four discount houses, at Bank of England Minimum Lending Rate. Banks carried forward surplus balances, and Government disbursements exceeded revenue payments to the Exchequer. On the other hand, a net market take up of Treasury bills, a rise in the note circulation, and settlement of official sales of gilt-edged were against the market's favour.

Discount houses paid 9-9½ per cent. for secured call loans in the early part and closing balances were taken at 9¾-10½ per cent.

In the interbank market overnight loans opened at 9¼-9¾ per cent. and eased to 9¼-9⅜ per cent., before closing at 10¼ per cent.

Short-term fixed period interest rates tended to ease in early dealings, but were firmer towards the close.

Rates in the table below are nominal in some cases.

May 3 1976	Sterling Certificates of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills Φ	Bank Bills Φ	Fine trade bills Φ
Overnight	—	9¼-10¼	—	—	—	9¾	9-10¼	—	—	—
2 days notice	—	—	9½-9¾	—	—	—	—	—	—	—
7 days or 7 days notice	—	9½-9[illegible]	9⅝-9⅞	—	—	—	9-9⅝	—	—	—
One month	9[illegible]-9⅝	9½-9¾	9¾	10-9½	10¼-10⅛	—	9⅝-9½	9¾-9[illegible]	9[illegible]	10⅜-10½
Two months	9⅞-9[illegible]	9¾-10[illegible]	—	10-9½	10⅜-10¼	—	9½-9[illegible]	9¾-9[illegible]	9¾	10¾-10⅝
Three months	10-9[illegible]	9¾-10[illegible]	9⅞-10⅛	10-9½	10⅝-10¾	—	9½-9[illegible]	9½-9[illegible]	9[illegible]-9[illegible]	10¾
Six months	10[illegible]-9[illegible]	9[illegible]-10¼	10⅛-10¼	10-9½	10½-11	—	—	—	9⅞-9[illegible]	11
Nine months	10[illegible]-10[illegible]	10-10⅝	—	10⅛-10	11¼	—	—	—	—	—
One year	10½-10⅜	10[illegible]-10[illegible]	10⅞-11	10⅜-10¼	11⅛-11¾	—	—	—	—	—
Two years	—	—	11⅛-11⅞	—	—	—	—	—	—	—

* Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 12¼-12½ per cent.; four years 12¾-13¼ per cent.; five years 13½-14 per cent. Φ Bank bill rates in table are buying rates for prime paper; buying rates for four-month bank bills 9[illegible] per cent.; and four-month trade bills 11 per cent. Approximate selling rate for one-month Treasury bills 9[illegible] per cent.; two months 9[illegible] per cent., and three months 9[illegible] per cent. Approximate selling rate for one month bank bills 9[illegible] per cent.; two months 9[illegible] per cent. and three months 9[illegible] per cent.; for one-month trade bills 10[illegible] per cent.; two-month 10[illegible] per cent.; and three-month 10[illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 9 per cent. from April 1 1976. **Clearing Bank Deposit Rate** for small sums at seven days' notice 7½ per cent. **Clearing Bank Base Rate for lending** 9½ per cent. **Treasury Bill** Average tender rate of discount 9.9432 per cent.

BASE LENDING RATES

Allied Irish Banks L[illegible]
American Express Bk[illegible]
Anglo-Portuguese B[illegible]
Henry Ansbacher [illegible]
Banco de Bilbao [illegible]
Banco de Jerez [illegible]
Bank of Cyprus [illegible]
Bank of N.S.W. [illegible]
Banque du Rhone S[illegible]
Barclays Bank [illegible]
Barnett, Christie Ltd [illegible]
Bremar Holdings [illegible]
Brit. Bank of Mid. E[illegible]
■ Brown Shipley [illegible]
Canada Permanent [illegible]
Cayzer, Bowater Co. [illegible]
Cedar Holdings [illegible]
■ Charterhouse Japhet [illegible]
C. E. Coates [illegible]
Consolidated Credit [illegible]
Co-operative Bank [illegible]
Corinthian Securitie[illegible]
Credit Lyonnais [illegible]
C. R. Dawes [illegible]
Duboff Brothers [illegible]
Duncan Lawrie [illegible]
English Transcont. [illegible]
First London Secs. [illegible]
■ Antony Gibbs [illegible]
Goode Durrant Trus[illegible]
Greyhound Guarant[illegible]
Grindlays Bank [illegible]
■ Guinness Mahon [illegible]
■ Hambros Bank [illegible]
Hawtin & Partners [illegible]
■ Hill Samuel [illegible]
C. Hoare & Co. [illegible]
Julian S. Hodge [illegible]
Hongkong & Shang. [illegible]
Industrial Bank of S[illegible]
Keyser Ullmann [illegible]
Knowsley & Co. Ltd. [illegible]
Lloyds Bank [illegible]
London & European [illegible]
London Mercantile [illegible]
Midland Bank [illegible]
■ Samuel Montagu [illegible]
■ Morgan Grenfell [illegible]
National Westmins[illegible]
Northern Comm. Tr[illegible]
Norwich General Tr[illegible]
Portman Guaranty [illegible]
P. S. Refson & Co. [illegible]
Rossminster Accept[illegible]
Schlesinger Limited [illegible]
E. S. Schwab [illegible]
Security Trust Co. [illegible]
Shenley Trust [illegible]
Standard Chartered [illegible]
Trade Development [illegible]
Twentieth Century [illegible]
United Bank of Kuw[illegible]
Whiteaway Laidlaw [illegible]
Williams & Glyn's [illegible]
Yorkshire Bank [illegible]

■ Members of the Accept[illegible] Committee.
* 7-day deposits 5[illegible], 1-mo[illegible]
† 7-day deposits on sums of under [illegible], up to £25,00[illegible] over £25,000 [illegible]
‡ Demand deposit 7[illegible]
‡ Call deposits over £1,000 [illegible]

CORAL INDEX
Close 415-420 417-42[illegible]

I.G. INDEX
GOLD 127-130

INSURANCE B[illegible] RATES

† Atlantic Assurance [illegible]
Cannon Assurance [illegible]

* Address shown under Insurance and Property Bond table.

AUTHORISED UNIT TRUSTS

REGIONAL MARKETS

selection of the share prices previously shown under regional headings is ...ated below with quotations on London. Irish issues, most of which are not ...ally listed in London, are shown separately and with prices as on the Irish ...ange.

...y Inv. 20p	19	......	Craig Ship. £1	329	......	Shiloh Spinn	25	......
...pinning	34	......	Hallam Sleigh 10p	8	......	Sindall (Wm.)	53	......
...m	28	-1	Higsons Brew.	97	......			
...tr. Est. 50p	165	......	I.O.M. Stm. £1	135	+3	IRISH		
...r Croft	30	......	Holt (Jos.) 25p	230	......	Alliance Gas (£1)	72	......
...& Rose £1	327	......	Kleen-e-Ze	22	......	Carroll (P. D.)	124	-1
...(R.A.)	20	......	Lovell's Ship £1	75	......	Clondalkin	58	......
...& McHdy	69	......	N'thn. Goldsmith	89	......	Concrete Prods.	55	......
...s Fr'k.10p.	23	......	P.M.A.	42½	-1½	Goodbody (£1)	25	......
...d	10	......	Pearce (C. H.)	80	......	Helton (Hldgs.)	27	......
...orge	40xc	-20	Peel Mills	14	+1	Irish Distillers	56	......
...v Pkg. 5p	16½	......	RobbCaledon5h	45	......	Irish Wire	40	......
...Reed 50p	152	......	Sayers 12½p	13	......	Jacob	63	......
			Sheffield Brick	87	......	Sunbeam	13½	......
			Sheff. Refrshmt.	140	......	Unidare	72	......

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 11/32	92 3/16	Treasury 6½pc 1976‡‡	99 1/32	......	6.56	9.71
98⅝	98⅝	Victory 4pc 1976‡‡	98⅝	......	4.04	
101 13/32	99 3/32	Treasury 10½pc 1976‡‡	100⅛	−1/16	10.49	10.16
98 1/32	95 3/32	Treasury 6¾pc 1977‡‡	97 3/16	......	6.43	9.73
97⅛	94½	Electric 3pc 74-77	95⅝	−⅛	3.14	8.65
103 1/32	92 3/16	Treasury 11½pc '77‡‡	101½	......	11.33	10.25
94¼	91⅞	Treasury 3pc '77‡‡	94xd	−⅛	3.18	7.20
94 3/16	92¼	Transport 4pc '72-77	93⅛	−⅛	4.29	8.59
99 3/16	90½	Treasury 9pc 1978‡‡	97 5/16	−¼	9.24	10.52
101½	98 1/16	Treasury 10¼pc '78‡‡	99⅝	−⅛	10.54	10.67
93⅛	89⅝	Exchequer 5pc '76-78‡‡	91	−⅛	5.49	9.25
103 13/32	100¼	Treasury 11½pc '79‡‡	101⅜	−¼	11.34	10.90
88⅞	83⅝	Treasury 3pc '79‡‡	86⅛	−⅛	3.47	7.65
89⅝	73⅞	Electric 4¼pc '74-79	87⅞	−⅛	4.84	8.41
100 3/32	95 3/16	Treasury 10½pc '79‡‡	98¾xd	+1/16	10.69	11.10
88⅛	83⅝	Electric 3½pc '76-79	86⅞xd	−⅛	4.03	7.82
96 11/32	91	Treasury 9pc 1980‡‡	93½	−½	9.63	11.19
96½	92 3/16	Treasury 9½pc '80‡‡	94⅜xd	−⅜	10.07	11.27
86	82¼	Treasury 3½pc '77-80	83⅜	−⅛	4.20	8.35
88¼	71	Funding 5¼pc '78-80‡‡	86⅜	−⅛	6.08	9.30
103 5/16	98	Treasury 11½pc 1981	100⅝	−¼	11.43	11.29
85	80¼	Do. 3½% 1979-81	81⅜	−⅛	4.30	8.28
95⅝	92	Do. 9¾% 1981‡‡	94⅝	−¼	10.30	12.19
		Five to Fifteen Years				
93¼	86½	Treasury 8¼pc '80-82‡‡	92⅛	......	9.49	10.99
107¼	99½	Treasury 12pc 1983‡‡	102⅛	......	11.93	11.86
80¼	73¼	Funding 5½pc '82-84‡‡	79½	......	7.06	9.63
87⅛	79⅞	Treasury 8½pc '84-86‡‡	86	......	10.20	11.29
74⅞	63⅝	Funding 6½pc '85-87‡‡	70½xd	......	9.27	11.33

CANADIANS

BUILDING INDUSTRY—Continued

DRAPERY AND STORES—Continued

ENGINEERING—Continued

HOTELS—Continued

‡‡BANKS AND HIRE PURCHASE

ELECTRICAL AND RADIO

INDUSTRIALS (Miscel.)

CHEMICALS, PLASTICS

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

ENGINEERING, MACHINE TOOLS

CINEMAS, THEATRES AND TV

FOOD, GROCERIES, ETC.

BUILDING INDUSTRY, TIMBER & ROADS

DRAPERY AND STORES

HOTELS AND CATERERS

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 50% (based on $1.8375 per £)

Conversion factor 0.6409 (0.6438)

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mine 17½p	9	.....	0.1	ϕ	1.8
39½	23	Charterhall 5p	25	+½	—	—	—
965	580	Cons. Murch. 10c	950		Q80c	1.8	5.0
40	28	Laurasia	40	+2	—	—	—
455	245	Northgate C$1	390	+25	Q25c	0.3	3.4
239	178	R.T.Z.	235xd	+2	5.42	2.1	3.6
112	85	Sabina Inds. C$1	92		—	—	—
£12¾	£10	Tara Expln. $1	£12¾	+⅛	—	—	—
127	88	Yukon Cons. C$1	127	+4	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Based on 1975 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 21

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FINANCIAL TIMES
Tuesday May 4 1976

Civil Service union president ousted

BY CHRISTIAN TYLER, LABOUR STAFF IN MARGATE

MEMBERS of the biggest and most politically divided civil service union, the Civil and Public Services Association, yesterday threw from office their Right-wing president, Mrs. Kate Losinska, following her successful fight through the courts against attempts by the union's national executive and branches to censure her for her anti-Left-wing views.

Despite a large majority of votes against her, it was scarcely a political coup for the Left. Mr. Len Lever, the successful candidate, who, according to Mrs. Losinska, only recently aligned himself with the broad Left of the CPSA executive, said after his victory that although he was a Labour voter and a militant in union terms, he had no part under political creed, only a religious one. (He is a Roman Catholic.)

The ballot came on the first day of the CPSA's annual conference here after a fierce internal political battle. Mrs. Losinska, voted out after the first year of what is normally a three-year term, caused a storm with an article in the Reader's Digest in February in which she warned of infiltration of the union and of the Civil Service by Left-wing extremists.

When the national executive and branches produced resolutions of censure, Mrs. Losinska went to the High Court and won injunctions stopping publication.

After her defeat yesterday by the unexpectedly wide margin of 107,335 votes to 87,718, she admitted that she had "laid my head fairly and squarely on the chopping block."

But she added that her views remained the same and that if there had been a postal ballot of individual members she would have romped home. It was the block voting system, plus behind-the-scenes lobbying of mandated delegates by Left-wingers that had cost her the election, she said.

A third candidate, Mr. Mike McGrath, a leader of the Trotskyist International Socialist faction of the union, against which Mrs. Losinska has been campaigning, polled 13,400 votes.

Mrs. Losinka said she would stand again as president next year, forecasting that Mr. Lever's "pact" with the Left would cost him dear in the coming year. It had been a "pretty vicious, pretty fierce campaign," which she maintained had been building up ever since she was elected president last year.

Mr. Lever, president for three years before Mrs. Losinska's term began, accused her yesterday of damaging the office of the presidency by partisan politics. He said he would be a unifying factor representing ordinary members and enjoying the trust of both wings of the union.

Mr. Lever's campaign was backed by senior officers of the union and he said he had been under pressure to stand for many months as a peacemaker.

Elections to-day for the national executive of the union, which splits about 16-11 in the favour of the Left, are expected to show little overall change in the pattern set by a significant Left-wing advance two years ago.

The political battle, scarcely suppressed as Mrs. Losinska took the chair yesterday morning, is likely to break out to-morrow when the conference will debate a resolution seeking to set up a formal investigation into her conduct.

The resolution, which Mrs. Losinska herself said should be debated, was left on the agenda, but a number of others were struck out because of the High Court rulings.

Also on Thursday—the day after the TUC General Council is expected to approve a new pay policy—the CPSA will consider whether or not to renew its policy of opposition to pay restraint and vote against further control at a special TUC Congress in London on June 16.

Later yesterday, delegates found themselves narrowly divided on the perennial question of Civil Service tea breaks. It required a card vote to show that delegates wanted the executive, against its advice, to press for official 15-minute tea breaks twice a day.

Fed admits cut in U.S. money supply growth

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, May 3.

DR. ARTHUR BURNS, chairman of the U.S. Federal Reserve, this morning confirmed what the financial markets in New York have suspected for the past two weeks—that the Fed has decided to slow down the growth in money supply and that it is ready to cut it further later in the year if economic conditions dictate.

In testimony before a Senate committee, Dr. Burns said that for the next year the Fed had trimmed the upper ranges of its targets for the growth of the two key monetary aggregates, M1 (money and cheque deposits) and M2 (M1 and time deposits).

The M1 range will be 4½-7 per cent. per annum, compared with the 4½-7½ per cent. span that had been the regime for the current calendar year. Those targets, disclosed by Dr. Burns in February, themselves represented a small change at the lower end of half a percentage point reduction.

The M2 range has now been set at 7½-10 per cent., a similar half point cut from the previous ceiling. The projected growth range for M3 (a still broader measure of money balances encompassing M2 and deposits at non-bank thrift institutions) remains unchanged because, Dr. Burns said, the Fed was determined to ensure an ample flow of funds to the home-building industry which is showing some signs of coming out of its deep recession.

Dr. Burns acknowledged, but did not address himself directly to, the current uncertainty in the foreign exchange markets which are extremely sensitive to changes in American monetary policy. He was concerned about "the possible adverse effects on the world economy of recent developments in international exchange markets."

He contented himself with the observation that new trade restrictions had been generally avoided so far in spite of pressures on national governments to protect domestic industries. "The strength of the dollar over recent months is, of course, a tribute to our economy."

His basic thesis, in fact, was to justify the small changes he had announced in American monetary policy in the light of the current state of the U.S. economy, he argued that the Fed had indeed accommodated the needs of the recovering economy in the past few months (with M1 this year growing at an annual rate of 6 or 7 per cent. compared with 3 per cent. in the last half of last year), but that economic requirements were now changing.

"I have advised the Congress repeatedly that, as every economist knows, the rate of monetary expansion would eventually have to be lowered to be consistent with the restoration of general price stability. The adjustment in the projected growth range for M1 over the year ahead is a very small but prudent step in that direction. Further downward adjustments will be needed as the economy returns to fuller utilisation of its labour and capital resources."


DR. ARTHUR BURNS
Concern on inflation.

Dr Burns again stressed his concern about inflation, saying that the improved U.S. price picture had been solely the result of lower food and fuel prices. "The prices of other goods and services are continuing to rise at a troublesome pace and wages are still increasing much faster than the long-term growth in productivity."

Beyond that, he painted a rosy picture of American economic vigour, confidently predicting that business capital investment would soon pick up, that inventory accumulation, responding to consumer demand, would continue to spur economic expansion for most of this year, and that spare industrial capacity would be soon used up.

Stewart Fleming writes: Money market dealers in New York saw Mr. Burns announcement as confirmation of the shift in Federal Reserve policy which they had detected over the past two weeks.

It was suggested that the announcement should not be seen as a dramatic new initiative and the bond market reacted calmly to the statement. Some dealers thought that with the $6.25bn. of Treasury loan stock issues being offered to the public later this week the authorities would endeavour to keep the money markets stable for the period of the offering.

Editorial comment Page 18

THE LEX COLUMN

Waiting for a breakthrough

Equities faltered yesterday afternoon in another attempt to break up out of the trading range in which they have been trapped for about four months. The extent to which the fortunes of the market are hitched to those of sterling was re-emphasised when gilts and equities followed the pound lower; both the FT 30-Share Index and the All-Share Index are fractionally below their 1976 peaks.

There is still plenty of money standing on the sidelines, very little money having gone into either gilts or equities since the end of January. Yet the FT Index has already put on nearly 20 points since the beginning of last week as the wages outlook has become clearer. So the wages package will need to look surprisingly good if it is to add up to a fresh buying signal here. It is more likely that the institutions will feel encouraged to turn their attention to gilts where the Government broker is hovering just above market levels. But that will depend on suitable reactions by sterling.

With sterling now cushioned by a short term interest rate differential of nearly 5 points against New York the development of U.S. monetary policy is not quite so relevant to events in the U.K. as it was a few weeks ago. Nevertheless the slight trimming of the longer run monetary growth targets by the Federal Reserve chairman Mr. Arthur Burns yesterday provides confirmation that the Fed is likely to be less accommodating from now on. In the last three months both M1 and M2 have been growing at annual rates faster than the Fed's upper targets, even before the half-point cuts. But the Fed still retains the flexibility to cope with what it may judge are short term surges.

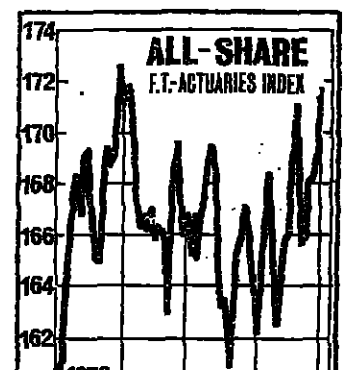
Index rose 1.1 to 419.2

British Home

British Home Stores has retained its premium status—pre-tax profits for 1975-76 are nearly 18 per cent. up at £21.9m. compared with a 2.5 per cent. rise at Marks and Spencer. Moreover, the group has held the sharp gains in volume and market share achieved during last summer's elimination of excess profits: during the second half sales (after adjusting for an extra week) increased by 23 per cent., about 10 points higher than at M and S.

Over the year, sales have risen by 30 per cent. with about 12 points coming from greater volume. Household textiles, ladies' fashion and food have all sold especially well and BHS may have benefited from its strong position in income areas where the earnings rise has been above average. Cost pressures have also been contained since after adjusting for the excess margin a year ago there has only been a small drop at the net level where BHS is just within its net reference level.

The only real blemish is below the line where the group is paying the price for borrowing $25m. in June 1974, unmatched by overseas assets. BHS has now provided £4.2m.



—equivalent to over a quarter of last November's rights issue proceeds—to cover the loss up to last week plus the estimated costs of early repayment, and it intends to replace the loan with medium-term sterling finance.

Cash demands are likely to be heavy again this year with capital spending slightly higher than the £13m. of 1975-76 with a planned increase in selling space of 5 per cent. While there is still scope to increase sales per square foot—probably about three-fifths those at M and S—the external trading background will be much bleaker for most of the year, which leaves little immediate scope in a p/e of 16.6 at 370p.

See also Page 20

Tootal

Clear evidence of a turnround in the textile cycle together with an unexpected dividend increase pushed Tootal 4p higher to 40½p yesterday. Profits for the year are down from £13.2m. to £9.1m. pre-tax, but two-thirds of the latest total arose in the second half, which was when the overseas [illegible]tions—accounting for [illegible] three-fifths of the pre-[illegible] figure — started a [illegible] recovery. In particular, North America came through [illegible] after a bad first half, as the [illegible] motive industry's [illegible] demand for industrial [illegible] made itself felt on volume [illegible] prices.

Recovery started later in the U.K., and is still patchy. [illegible] the latest monthly profits figures have now climbed back to the level of 12 months ago. And for the group as a whole, a rise of roughly two-thirds to around £15m. pre-tax is feasible this year, which would compare with a peak of £18½m. in 1973-74.

Meanwhile the dividend [illegible] covered 1.6 times by published earnings, but only because Tootal has decided to stop providing for deferred tax on the excess allowances for plant and equipment. This looks a retrograde step, and is certainly going against the current trend. Trust Houses Forte, for instance, has just moved in the opposite direction in anticipation of SSAP 11—which becomes effective for accounting periods starting in January, and which Tootal seems to be ignoring.

As a side-effect, the change makes the borrowing base look stronger, and debt is still a little under £50m. compared with shareholders' funds of about £73m. But new working capital requirements have been very small in the past two years. This may not be the case for much longer, in which case Tootal will want to start thinking about ways of exploiting a market capitalisation of £55m. and a yield of 8[illegible] per cent.

See also Page 21

Furness Withy

Under the weight of strikes and recession Manchester Liners' profits slid almost out of sight in the second half of 1975, and as a result some projections for its parent, Furness Withy, were being revised down a little yesterday. But volume on the North Atlantic is very much better than it was. And the immediate concern for Furness is the Monopolies report on Eurocanadian's shareholding, due to be ready at the end of the month. Teased up by Eurocanadian's recent buying, the shares are now back to levels which saw heavy trading during 1975.

Iran drops charges against Tate & Lyle

BY ROBERT GRAHAM TEHRAN, May 3.

ALLEGATIONS of corrupt and fraudulent practice levelled against Tate and Lyle sugar group by the Iranian Government have been quietly dropped. The charges were made in February and linked Tate and Lyle executives with two senior Commerce Ministry officials in allegations involving sugar deals worth more than $45m. (£24.6m.).

Tate and Lyle has all along denied the allegations. It is now understood that a thorough investigation has cleared the company and two executives directly named in the original allegations. This is the first time in the Shah's recent drive against corruption that a foreign company has been exonerated after being so publicly accused in banner newspaper headlines.

A Tate and Lyle spokesman said in London last night: "We are very happy to hear this report. We have been confident all along that the misunderstanding contained in the original Press allegation would be cleared up."

In view of the initial stir caused by the allegations, there is speculation here whether any retraction of the allegations will be made public. The investigation is understood to have helped clear the names of the Commerce Ministry officials also accused.

The basis of the allegations was that two Tate and Lyle executives, Mr. Michael Attfield and Mr. C. E. (Ted) Paul, carried out alleged under-the-table dealings with two Under-secretaries at the Commerce Ministry, Mr. Hussein Ali Zadeh and Mr. Mohammed Sairafi.

They were alleged to have signed deals for the purchase of 23 shiploads of sugar at $154 a ton above the market price. Another nine shiploads were also allegedly sold above market prices.

Tate and Lyle had been operating under an agreement with the Ministry of Commerce whereby it acted as adviser for, and purchaser of, sugar. Last year, Tate and Lyle was asked to purchase substantial quantities of sugar when the international price was very high.

The company reportedly advised against purchase but was told to proceed in view of Iran's then shortage.

The allegations, it seems, arose out of the purchase of sugar at what, to the Iranian authorities, appeared an exceptionally high price. According to some suggestions, there was also a failure to understand the complexities of commodity market dealings.

The allegations were investigated by the Imperial Inspectorate, which reports directly to the Shah. Investigations were carried out both in London and Tehran at the highest level. During this time, the Iranian Government threatened prosecution of the Tate and Lyle executives and dismissed the two Ministry of Commerce officials.

As a result of the investigations, all actions against Tate and Lyle have been dropped.

Executives to sue Spear and Jackson

By Margaret Reid

SPEAR AND JACKSON, the Sheffield hand tools and cutlery group, faces legal action for alleged breach of service agreements from two senior directors who have left the company within the last few months.

It emerged from the group's report and accounts, published yesterday, that Mr. Brian Enzor, formerly finance director and company secretary of Spear and Jackson, had resigned on March 31. This follows the resignation of Mr. George Moore, a former chief executive, last September.

The accounts reveal that a former director, later stated by the company to be Mr. George Moore, has issued a claim for damages arising from an alleged breach of service contract. Spear and Jackson disputes this claim and has made "adequate," though undisclosed, provision for estimated amounts which could become payable as a result of the claim.

Mr. Enzor said last night that he, too, proposed to take legal action against the company for breach of service contract, of which two to three years remained to run. He referred to his resignation as a "personal matter" stemming from the appointment of a new chief executive and financial controller in recent months. These appointments, he believed, marked a change in group strategy.

The chairman of Spear and Jackson, Mr. S. de Bartolome, denied last night that there was any connection between the two resignations and said that as far as he was concerned, the resignation of Mr. Enzor was "quite amicable on our side."

Last year, Spear and Jackson's pre-tax profits fell from £1.6m. to £1.2m. on sales of £33.3m., after an 80 per cent. rise in interest charges to £0.96m.

Report, Page 24

GLC extends home loan scheme to all couples

THE Greater London Council's home loans scheme was extended from yesterday to include all married couples and engaged couples who intend to marry before the purchase is completed. The scheme had been restricted to those married for more than a year.

It now also takes in all families, including single parent families and single people over 30.

The loans are for first-time buyers of pre-1940 property in the GLC area with a valuation of not more than £9,000, plus up to £1,000 for essential repairs. The interest rate is 12¾ per cent. Sir Reg Goodwin, leader of the GLC, said that he hoped the widening of the scheme would help more of those who could not get a loan elsewhere.

Healey defends measures to fight tax evasion

BY PHILIP RAWSTORNE

THE AMOUNT of money involved in tax evasion was "substantial and growing," Mr. Healey, Chancellor of the Exchequer, told the Commons yesterday.

He was replying to criticisms of the extra powers to combat tax evasion contained in the Finance Bill.

The Inland Revenue had uncovered major cases involving £17m. in the year up to March, 1975. But as a proportion of the total tax yield, this was only about a fifth of the amount uncovered 15 years earlier. It seemed that the Inland Revenue's ability to detect and counter evasion had significantly declined.

Tax officials, under the new proposals, would have to obtain a warrant to enter premises to search for documents and other evidence. "I envisage that the powers will be used at the most in only a handful of the most serious cases each year," he said. "It is wilful nonsense to pretend that tax inspectors will be walking into all sorts of people's premises and homes."

The ordinary taxpayer had a right to protection against the activities of the dishonest minority.

Sir Geoffrey Howe, Conservative finance spokesman, warned the Chancellor that the Government's pre-occupation with a new pay deal could lead to serious neglect of other aspects of economic policy. He called for immediate cuts in public expenditure, the restoration of industrial profits and reductions in the burden of direct taxes.

Continued from Page 1

Sterling

member States of the Organisation of Petroleum Exporting Countries moving further funds out of sterling and into stronger European currencies, such as the German mark and Swiss franc, following monthly oil royalty payments.

The Swiss National Bank did not disclose whether it intervened in the market yesterday to stop the continued sharp rise of the Swiss franc, but market sources suggested that some buying of dollars was probable to prevent the Swiss franc moving through the Sw.Frs.2.50 level against the dollar.

The strength of the Swiss currency appears to be a growing problem which the measures taken by the Swiss authorities have failed to solve.

Weather

U.K. TO-DAY

SHOWERS and sunny intervals.

London, S.E., Cent. S., S.W., E. England, E. Anglia, Midlands and Channel Is.

Showers, sunny periods. Winds W., moderate or fresh. Max. 14C (57F).

Wales, N.W. and Cent. England

Showers, sunny intervals, winds N.W. moderate. Max. 12C (54F).

N.E. England, Borders, Edinburgh, Dundee and Glasgow

Showers, sunny spells. Winds N.W., moderate or fresh. Cold. Max. 9C (48F).

Lakes, I. of Man, Aberdeen, N.E., S.W., N.W. Scotland, Cent. Highlands, Argyll, Moray Firth, Orkney, Shetland, N. Ireland

Showers. Winds N.W., moderate or fresh. Cold. Max. 9C (48F).

Outlook: Becoming dry with sunny periods. Cold with local night frosts.

Lighting-up: London 20.57, Manchester 21.13, Glasgow 21.30, Belfast 21.32.

BUSINESS CENTRES

		Y'day Midday °C	°F			Y'day Midday °C	°F
Alexandria	[illegible]	[illegible]	[illegible]	Madrid	S	[illegible]	[illegible]
Amstrdm.	C	11	52	Manchstr.	[illegible]	9	[illegible]
Athens	F	17	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]
[illegible]	S	18	64	Milan	S	20	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Montreal	R	[illegible]	[illegible]
Belfast	C	10	50	Moscow	S	11	[illegible]
Belgrade	R	[illegible]	[illegible]	Munich	[illegible]	17	[illegible]
Berlin	C	15	[illegible]	[illegible]	T	[illegible]	[illegible]
Brmghm.	F	11	52	New York	C	17	[illegible]
Bristol	S	11	[illegible]	Oslo	[illegible]	[illegible]	[illegible]
Brussels	C	11	52	Paris	[illegible]	[illegible]	[illegible]
Budapest	F	[illegible]	[illegible]	Perth	F	[illegible]	[illegible]
B. Aires	S	21	70	Prague	F	17	[illegible]
Cairo	S	[illegible]	[illegible]	[illegible]	C	[illegible]	[illegible]
Cardiff	S	[illegible]	[illegible]	[illegible]	S	[illegible]	[illegible]

HOLIDAY RESORTS

		Y'day Midday °C	°F			Y'day Midday °C	°F
[illegible]	S	18	64	Las Plms.	S	[illegible]	[illegible]
Algiers	S	20	[illegible]	Locarno	F	19	[illegible]
Biarritz	[illegible]	16	61	Luxor	S	[illegible]	[illegible]
Blackpool	[illegible]	10	[illegible]	Majorca	S	20	[illegible]
Bordeaux	C	15	[illegible]	Malaga	S	20	[illegible]
Boulogne	[illegible]	10	[illegible]	Malta	[illegible]	[illegible]	[illegible]
Casablnca.	S	20	[illegible]	Nairobi	C	21	[illegible]
Cape Tn.	S	20	[illegible]	Naples	F	15	[illegible]
Corfu	[illegible]	[illegible]	[illegible]	Nassau	C	[illegible]	[illegible]
Dubrovnik	[illegible]	14	[illegible]	Nice	S	17	[illegible]

China seeks assurance on EEC

BY CHARLES SMITH PEKING, May 3.

MR. ANTHONY CROSLAND, the Foreign Secretary, will be the first senior member of a Labour Government to have face-to-face discussions with Chinese leaders when he begins three days of talks in Peking to-morrow with his Chinese opposite number, Mr. Chiao Kuan-hua.

The talks are officially billed as part of a continuing Anglo-Chinese dialogue, which began in 1972 when Sir Alec Douglas Home visited Peking as Foreign Secretary.

However, they could prove to have a rather special importance in view of political changes in both countries and China's evident lack of familiarity with Labour thinking on a number of issues.

The Chinese are thought to be particularly anxious to ask Mr. Crosland about the Government's attitude to the EEC, which is seen in Peking as a vital counterbalance to Soviet pressures on Western Europe. They may also want explicit assurances that Labour is not "soft" on the Soviet Union.

Mr. Crosland is expected to make firm statements on both issues — probably reminding the Chinese that both British political parties were alive to the dangers of Soviet expansionism before Peking itself became anti-Soviet in the early Sixties. But he may have difficulty in convincing the Peking leadership that Labour's position on either matter matches that of the Conservative Party, with which China is already familiar.

China has gone out of its way in the past few years to show interest in and approval of Conservative policies towards Europe. One instance of the undisguised warmth shown by Peking for the Conservatives is the fact that Mr. Edward Heath has made two visits to China since his party's defeat, and is due to make another shortly.

He will visit China in the autumn as guest of Chairman Mao, and will apparently be given a wide-ranging tour, including visits to industrial cities in the North-East which are frequently out of bounds to foreign visitors.

The U.K.'s priorities in the Crosland-Chiao talks—apart from giving Peking the assurances it appears to want—will be to probe Chinese views on a variety of international issues including the outlook for South-East Asia, to discuss trade prospects and to take up a handful of specifically bilateral issues.

Britain had a £20m. trade surplus last year with China (exports of £80m. against imports of around £60m.), but exports would have been considerably smaller without the mainstay of the 12 Trident aircraft (worth £3m. each) delivered during the year.

The Trident deliveries will continue throughout 1976 and up to the middle of next year, by which time China will have bought 35. But Britain feels the need to find a new export line to maintain the impetus of sales to China after the Trident programme ends.

A possibility is the sale of equipment for China's rapidly expanding oil industry. China has already agreed to send a mission later this year to study U.K. oil exploration equipment.

Mr. Crosland will be anxious to remind his hosts of the value of what Britain has to offer in this area.

Outstanding bilateral issues likely to be raised this week include the proposed Anglo-Chinese air services agreement, initialled three years ago but never signed, and a shipping agreement which remains at the stage of preliminary discussions.

The U.K. could also take up the question of a direct rail service between Hongkong and Canton (replacing the existing "split" service which involves changing trains at the Chinese frontier).

Mr. Crosland will be in Peking until Friday morning, after which he will fly to Nanking and Shanghai for sightseeing before leaving China on Sunday. His visit comes in the middle of a very crowded season of Ministerial visits to China, with Mr. Muldoon, the New Zealand Premier, still in the south of the country after talks in Peking last week, and Mr Lee Kuan Yew of Singapore due on Monday.